No. 29,760

Wednesday October 23 1985

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Alfonsin orders arrest of 'plotters'

World news

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President Raul Aliensin of Argentina invoked emergency laws to order the arrests of six army officers and six civilians suspected of plotting to overthrow his governm

The rarely used presidential de-cree said the 12 "could have conspired to attack the constitutional order. Five officers have already been detained, but the sixth has been in hiding since early 1984. The arrest order follows a wave of terrorist attacks. Page 5

Peres's pian attacked

Jardan's ambassador to Britain rejected a peace offer made by Shi-mon Peres, Israeli Prime Minister, yesterday in the first official reaction to the proposal. In Jerusalem, right-wing members of Peres'a own cabinet also attacked the peace

Bhutto widow heid

The widow of Shahnawaz Bhatto, found dead in his Cannes apartment in July, was detained by police investigating the death. He was the brother of Pakistani opposition leader Recognic Plants and Cannel Cannel Cannel Cannel leader Benazir Bhutho and son of the late Prime Minister Zulfikar Ali SOUTH AFRICAN mining market Boutto.

Kohi visits U.S.

West German Chancellor Helmut U.S. in which support for the SDI port, Page 40. (Star Wars) programme will be a prime concern. Page 3

:: Aquino reversal

Eorazón Aquino, widow of murvious stand on assuming her husband's mantle and said she would consider being a candidate if President Marcos called an election.

Walesa, the Solidarity leader, would be prosecuted for claiming a lower hurnout in recent parliamentary ed sharply to the announcement of the authorities. Page 2

S. Africa crackdown

South African police arrested Trevor Manuel, a leader of the United Democratic Front oppositios group, when he emerged from weeks of underground activity to speak at a rally. Page 4

China prices rise

China announced a record increase in retail prices, because of a relaxa-tion in state controls, but said wages were also growing faster.

Problems on Rhine

The level of the Rhine river, the lowest in years, is causing havoc with shipping along Europe a bus-iest commercial waterway. Ferries have stopped operating and some barges have had to be tugged free.

Log search closed

British police ceased their 11-month investigation into the disappearance of the log of the submarine that sank the Argentine warship General Belgrano during the 1982 Falklands war. A government spo-kesman said no evidence of any criminal activity connected with the log's disappearance had been found.

Grand winnings

FFr 10m (\$1.26m) in France's re-vamped sports lottery. Around 5m people took part.

Test tube first

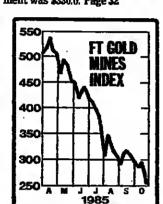
An Israeli woman who has no ovaries made medical history by giving birth to a 2.8kg girl. Doctors had fertilised a donor egg in a test tube and gave the woman hormones before implanting the embryo.

Brussels sets aims for Japan trade

Business summary

targets in the forthcoming trade ne-gotiations with Japan during talks in Laxembourg. The meeting called far a qualified increase in imports to complement the Japanese Gov-ernment's plans to open up its do-mestic market. Page 20

GOLD rose \$2 on the London bullion market to \$327.75 and improved in Zurich to \$327.85. In New York, the Comex December settlement was \$330.0. Page 32



sectors fell sharply in the wake of the rand's further decline against the dollar. The FT Gold Mines index lost 18.9 to 253.8, giving a fall of more than 46 points over the past Kohl began a five-day visit to the five trading days. Stock market re-

> WALL STREET: At 3pm the Dow Jones industrial average was up 3.24 at 1.367.38. Page 40

dered Philippines opposition leader down in dull tracing. The FT Ordinary share index closed in description and profit-taking brought prices down in dull tracing. The FT Ordinary share index closed in decrease in decrease in decrease index closed in decrease index closed LONDON: Lack of new incentives nary share index closed 7p down at 1.041.0. The FT-SE 100 index was 8.8 lower at 1,331.5. Page 40

TOKYO: Concern about the yen's future course against the U.S. dol-Walesa charges " " lar and the level of domestic inter-Poland's government spokesman, Nikkei-Dow market average shed

elections than the figure given by a large gold strike at the Porgera prospect in Papua New Guinea. Page 22

DOLLAR was firmer in London, ris-ing to DM 2,6405 (DM 2,6365), FFr 8,0475 (FFr 8,04), SwFr 2,168 (SwFr 2,165) and Y215.8 (Y215.7). On Bank

of England figures, the dollar's in-dex rose to 130.7 from 130.8. Page 33

STERLING lost 10 points against the dollar in London to \$1.433, but improved to DM 3.785 (DM 3.78) and FFr 11.5325 (FFr 11.53). It was unchanged at SwFr 3.105 and Y309.25; Page 33

CRUDE-STEEL production rose in the European Community and Ja-pan during the first nine months of 1985, but lower output in the U.S. caused an overall decline in the West, according to the International Iron and Steel Institute.

SINGAPORE will introduce copyright laws aimed at curbing piracy of computer software and recorded

music, government officials said. SWISS BANK Corporation and Swiss Reinsurance launched international share issues to raise SwFr

350m (\$162m) and SwFr 230m respectively. Page 21 UNION MINIÈRE, a wholly owned subsidiary of Société Générale de Belgique, has taken a majority holding in Société des Mines et

zinc producer. Page 21 A Parisian punter won more than WATTE Industries, New Zealand foods group, boosted 12-month profits by 33.5 per cent to NZ\$61m (\$35.7m), mostly from investment in

> MARYLAND State Senate narrowly approved the acquisition of three financially troubled state insured savings and loan institutions by Chase Manhattan, the New York

Chemistry and compromise keep Club of 47 alive

a "consensus" on South Africa, writes Robert Manthner, Diplomat-

opposed any comprehensive economic sanctions, while the vast maniferent points of its partners were, at least documents, which often mean all verbally, strongly in favour.

The final document on South

BY QUENTIN PEEL IN LUXEMBOURG

over its plans for reform of the Treaty of Rome. At the heart of the dispute are the

member-states to give more powers

to the directly elected parliament -

and their insistence that whatever

measures they agree will not be

open to alteration by the MEPs

hemselves.

A delegation led by M Pierre

Pflimlin, the president of the parlia-

ment currently meeting in Stras-

bourg, told EEC foreign ministers yesterday about their grave doubts over the process of reform launched

M Pflimlin warned that the min-

by the Milan summit last June.

tional economic measures against

things to all men, and is a hobby they could indulge within other

EEC ministers and

ty of Rome, on which the EEC is founded. Instead M Poos simply is-

sued his own guidelines on the key

The Inter-Governmental confer-

ence is, in practice, synonymous with the periodic foreign ministers

councils. In between those, the con-

ference consists of work carried out

by ambassadors of member-

On the parliament, the confer-

ence is instructed to work out ways

of better co-operation between the MEPs and the Council of Ministers.

But M Poos also emphasised that it

should take into account the need to

preserve as much as possible the

Thomson, with 35 consumer elec-

tronics factories including 12 out-

management-union committees

The union side of one committee

which will meet annually, will be

countries and officials.

parliament clash

on treaty reform

THE EEC Council of Ministers, the a clear mandate for the continuing

highest decision-making body of Inter-Governmental Treaty confer-the Community's member-states, ence. That is due to report to the yesterday ran headlong into con-flict with the European Parliament ber, on ways of amending the Trea-

modest plans being put forward by questions to be considered.

isters were in danger of getting present balance of powers between bogged down in a sterile juridical the institutions — an apparent condebate, and of losing sight of the need for a "relaunch" of Europe. tries such as Denmark and Britain.

whole reform process might end up the need to keep any changes sim-

in outright confrontation between ple and efficient – a major objection two of the key institutions involved. to the cumbersome proposals al-

speaking after M Jacques Poos, the and the European Commission.

The parliament's president was ready submitted by Germany, Italy

Luxembourg Foreign Minister and On ways of speeding up comple-

current president of the Council of tion of a single internal market in Ministers, had presented very cautious conclusions as the reform de-

bate so far.

Luxembourg, the current president of the Council af Ministers failed on Monday night to get agreement from all 10 member

Draw up rules for the Council to

states, plus Spain and Portugal, on take decisions by majority voting

ALL ATTEMPTS to kill off the Commonwealth failed this week. By some miracle, described by the organisation's admirers as "that special Commonwealth chemistry," the leaders of the member-states reached what is erroneously called a "consensus" or necessary and the commonwealth at its office the conviction that this loose association of states does share a heritage of ideas, principles and culture that of the commonwealth chemistry, the public of its always Britain that is the scapegoat at these reumions – is so great that nothing can possibly be done to bridge the gap. But as the conviction that this loose association of states does share a heritage of ideas, principles and culture that a list of sanctions in accepting two minor admires as "that special Commonwealth chemistry," the leaders lies of ideas, principles and culture the other hand, could argue that she had made only tiny concessions in accepting two minor admires as "that she had made only tiny concessions in accepting two minor admires as "that she had made only tiny concessions in accepting two minor admires as "that she had made only tiny concessions in accepting two minor admires as "that she had made only tiny concessions" in accepting two minor admires as "that she had made only tiny concessions in accepting two minor admires as "that she had made only tiny concessions" in a concepting two minor admires as "that she conviction that this loose association of states does share a heritage of ideas, principles and culture the conviction that this loose association of states does share a heritage of ideas, principles and culture the conviction that the conviction that the conviction that the conviction that the deep recesses of the minds of the conviction that the deep recesses of the minds of the conviction that this loose association of states does share a heritage of ideas, principles and culture the conviction that the conviction

If that were not the case, 41 ic Correspondent, in Nassan.

Why then da the leaders of thet disparate group of nations, which sensus, except on the important principle that everyone opposed apartheid and wanted to see it abolished as quickly as possible. The British Government fundamentally corrossed any corrosponding of the correspondent, in Nassan.

Why then da the leaders of thet disparate group of nations, which have in common only its shared history within the old British Empire and its language, persist in holding is also responsible for the extreme reluct-takes a full week out of their work ance of any of the member-countries to end a meeting with an extreme countries and the extreme countries are constant. countries to end a meeting with an open show of disunity.

Befare a heads of government conference leaders such as Mr Ro-bert Mugabe af Zimbabwe or Dr Africa was a fudge, which allowed international organisations.

Mahathir Mabamad of Malaysia, the pro-sanctions group, including the African front-line states with psychology than with the practical divide between them and Britain —

market can be completed within se-

movement of people (as opposed to

Decide what needs to be written

into the Treaty on "differentiation,"

or areas where some but not all the

• Draw up proposals for more ef-

poorer parts of the Community.

goods, services and capital);

scapegoat at these reunions - is so great that nothing can possibly be

the spirit of compromise takes over.

Even Mrs Thatcher, who has been known to complain that she was missing Prime Minister's trues-tion time in the House of Committee by attending a Commonwea erence, is not eatirely imm the special chemistry.
However, that is not the winestory. The fact is that the negative

effect of failure to reach a compro mise by a group of far-flung nations as numerous and geographically diverse as the Commonwealth would sometimes be much greater than the positive impact of a "consensus" seen by many as just papering over

In the case of the debate on South Africa at the Nassau conference that would certainly bave been the effect. Instead of sending the signal to Pretoria that the system of apart-field must be dismantled quickly if disaster in South Africa is to be avoided, the Commonwealth would have sent a signal that the South African regime could continue of its present path with impunity.

in particular, it would have shown up Sougt Africa's neighbours, the so-called froat-line states, at incapable of persuading mations to act to abolish apar-In addition, no country wants to appear isolated in such a large for um as the Commonwealth, not least Britain, which, quite apart from any sentimental reasons, has a vested

Continued on Page 20

Boeing clinches \$2bn deal for 20 aircraft

BY MICHAEL DONNE IN LONDON

facturer of jet airliners, is to go ahead with the launch of a new verinstead of unanimity, so that the sion of the 747 - the 400 series - as a result of an order for 10 aircraft from Northwest Airlines of the U.S. Agree a separate procedure be-tween member-states an the free worth about \$1.5bn.

The total deal includes a subsidiary arder from Northwest for 10 smaller Boeing 757 twin-engined, short to medium-range jet airliners and is worth about \$2bn, one of the

largest jet aircraft orders ever. It eclipses the Pan Am deal earlimember-states are required to act er this year for 28 Airbuses worth more than \$1.1bn and the Saudi Arabian "jets for ail" deal last year involving 10 Boeing 747s, worth forts to boost development in the

about \$1bn. The guidelines clearly disappoint-The new 747-400 was announced ed M Pflimlin, particularly on the ways of increasing the power of the parliament. His greatest objection, at the Paris Air Show earlier this year, when Boeing said it was looking for launch customers. Many nowever, concerned the refusal by new long-distance, non-stop air serthe ministers to do more than subvices will become possible as a re-sult of the new version of the airmit a report to the parliament on whatever agreement they—may craft, which will have a range of reach, thus underlining the continumore than 8,000 statute miles, car-rying over 400 passengers. That is more than 1,000 miles further than ing impotence of the directly elect-

MEPs in Strasbourg are due to- the range of existing 747 models. day to vote on a demand for the right to consider and amend any re-The aircraft has a stretched upper deck, like the existing 747-300, but a bigger wing, with "winglets" forms agreed by the ministers - a proposal likely to be approved by a at the tips, to improve its large majority. However, it has no legal power to insist.

performance.
The biggest advance, however, is in range. With its full fuel load for over 8,000 miles non-stop flight with a full complement of between 400 and 450 passengers, it will have a take-off weight of 850,000 lbs, the highest for any commercial airliner

It will be capable of such non-stop

BOEING, the world's largest manu-flights as Singapore-London, To kyo-London, Los Angeles-Sydney, Hong Koag-Los Angeles, Frank-furt-Buenos Aires, San Francisco-Hong Kong and San Francisco

> With such capabilities, it will change the eatire pattern of longdistance world air transport operations. Narthwest is the first to buy the 747-400, but many ather airlines world-wide are studying the aircraft and Boeing is confident that further orders will come soon. Singapore Airlines is strongly interested.

Northwest, based on Minneapolis-St Paul, is one of the biggest airlines in the world, carrying over 13m passengers a year on a net-work that covers destinations as far afield as Singapore, Hong Kong, Tokyo and London, besides an extensive U.S. domestic network.
It has in service a fleet of 36 747s,

including six all-cargo aircraft, and 18 McDonnell Douglas DC-10-40s, seven Boeing 757s with another 13 to be delivered (excluding the latest deal), and 65 Boeing 727s. It has more than 15,000 employees. Delivery of Northwest's new jets will start in 1988 and continue to

1990. Engines for the 747-400 will be the new Pratt & Whitney PW-4000 engines, each giving 56,000 lbs thrust. The smaller 184-seat 757s will have Pratt & Whitney PW-2037 engines.

Mr Steven G. Rothmeier, president and chief executive afficer of Northwest, said the aircraft would be used for route expansion by the airline

Troubled Westland, Page 20

Soviets 'ready to compete if arms talks fail'

By Patrick Cockburn in Moscov

SOVIET civil and military leaders emphasised yesterday that the Soviet Union coud compete both mili-tarily and economically in a new arms race if present talks failed.

Speaking at a press conference in Moscow, Marshal Sergei Akhromeyev, the Soviet Chief of Staff, said the Soviet Union would develop its own space-based anti-ballistic mis-sile system i f the U.S. did not abandon the strategic defence initiative - Star Wars,

The speech was seen as part of a continuing Soviet effort to keep the diplomatic initiative be ore the summit meeting in Geneva next maath between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader. At the same time, Mr Georgy

Kornienko, the Soviet First Deputy Foreign Minister, emphasised that

THE Soviet Union has taken its single-warhead SS-25 missiles past the testing stage and deploy-ed them, a breach of the 1979 Strategic Arms Limitation Treaty (Salt-2), Caspar Weinberger, U.S. Secretary of Defence, claimed

the Soviet disarmament proposals for a 50 per cent reduction in strate-gic nuclear weapons were negotiable, "We never said accept our proposals or there will be no negotia-

tions," he said. Marshal Akhromeyev also implied that the Soviet Union was prepared to take a sli. ghtly more flexible view of the extent of Star Wars theoretical research, which he thought was acceptble, if undesireable, under the terms of the Anti-Ballistic Missile (ABM) Treaty of

In the lead-up to the summit, the Soviet civil and military leadership is clearly keen to appear firm and flexible, but at the same time not giving an impression of obstinacy

or acting under duress.

Marshal Akhromeyev repeated
the Soviet position that there could of offensive nuclear weapons unless there was a coninuing limiation aa defensive e systems.

He said the aim of Star Wars was

a defensive nuclear screen against Soviet nuclear missiles, which would give the U.S. the capacity to launch a nuclear first strike against the Soviet Union without fear af re-

Under those conditions, deep cuts in strategic offensive armaments without an accord banning space strike weapons meant neglecting the Soviet Uniaa'a security.

Europe-wide union forum for Thomson

BY DAVID THOMAS IN LONDON AND PAUL BETTS IN PARIS

France.

THOMSON Grand Public, the con- ny'a effort to rationalise its Eurosumer electronics arm of Thomson, pean consumer electronics business the French nationalised electronics after taking over the Telefunken group, is setting up what is believed consumer electronics group two to be the first European-wide system of consultation and information

Thomson with its unions.

measures

tains some of the key elements of plants. It has also been crossing the European Commission's proposals for increased worker participation, known as the Vredeling directive, which are controversial among the controversial

employers and governments.

Thomson's customer electronics operations, the second largest in Europe, employ about 30,000 people in France, West Germany, Spain Fonderies de la Vieille Montagne, a and Italy. The company has agreed to set up joint management-union committees - with union representatives drawn from the four con-tries - which will be informed about, and consulted upon, signifi-cant industrial, trading and man-sentatives elected from Thomson's leading NZ companies.

> Thomson's decision may reflect The French unions will have 13 of the enthusiasm of the French Government for the Vredeling initiawill have eight, Italy three, and tive. It also flows from the compa- Spain two.

Row over Elders bid **backers**

M Pflimlin said most of the con-

ference proposals appeared to do

little more than extend the present

consultation and conciliation proce-dures between the institutions.

Targets set for Japan trade, Page 20; Med talks falter, Page 20

By Martin Dickson in London

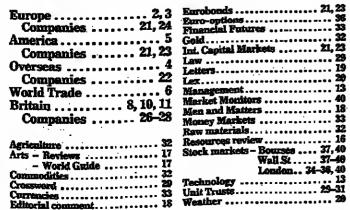
A ROW developed yesterday over the identity of a group of banks and two individuals who are backing tha £1.8bn takeover bid for Allied-Lyons, the UK food and drinks con-The Thomson agreement consider France, has been closing glomerate, which was announced on Monday by Elders IXL, the Australia tralian brewing and agriculture

Allied complained to the city of London Takeover Pannel that El-ders had not spelled out the precise many, provoking controversy in ownership of IXL the company be-ing used as a vehicle for the bid. Thomson has signed framework agreements with the European Metalworkers' Federation (EMF) for two European-wide joint A consortium of eight interna-tional banks, led by Citibank of the IXL, but Elders has declined to dis-close the identity of the other se-

whom Elders originally did not

Following the Sovice of the So the quality scotch BELLS ald Bootch Whish

_ CONTENTS -



cold winter ahead 2 spread their wings 18 Management: how Amstrad Westland Helicopters: Inbucks the UK trend 13 dian orders in balance ... 19 Technology: computers for UK museum charges: asking

Editorial comment: Greece; Czechoslovakia:

A 42 per cent interest in IXL is held by a group consisting of Elders (49 per cent) and two individuals Continued on Page 20 ARTHUR BELL & SONS PIC., ESTABLISHED 1825

before plants. Thomson will pay their tra-velling and accommodation costs. Last night, in an apparent re-sponse to adverse publicity, it said Bulgaria and Romania: a W. German industry: leaders Norway: how it regulates oil Lex: Hanson Trust; Hills-directors' duties 18 Survey Section III

BY CHRISTOPHER BY DBINSKI IN WARSAW

Lech Walesa, the Solidarity of their own attendance leader for claiming that the figures. Nevertheless, Soliturnout in recent parlian tentary darity's independent efforts to

CARL STREET, BARRIER, MARCHARD

announced officially.

He will be accused of de faming members of the commissistently shown a gap of some sinus responsible for supervise 10-15 per cent between the ing the elections, an offence which carries the penalty of up to two years in prison or a fine.
The elections were boycotted

by Solidarity which organised an impressive check on turnout in the main urban areas. Solidarity claims 66 per cent of the electorate voted; the Gov-ernment says 78.8 per cent did

porters who, it seems, are to be called as witnesses in the case. The authorities may have de-clded to prosecute Mr Walesa out to be somewhat lower than figures issued by the underground Solidarity movement.

They are also extremely con-

POLAND IS to prose cute Mr cerned to boister the credibility elections was lower than that effect voter turnout both this announced officially. council elections, have con-Covernment and the banned union's figures:

> This appears to be the extent of the manipulation of the real figures which court cases last year revealed involved com-missions voting for absent citizens and artificial lowering of the numbers entitled to vote to boost the attendance rates.

On election day and soon Mr Jerzy Urban, the govern-after, Mr Walesa was reporting ment spokesman, has confirmed lower turnout figures than the Government's to Western re-section in the Dutch embassy in Warsaw, and that the Poles are to have a similar section in the Polish-owned PKO Bank in Tel Aviv. He denied that relations, broken off in 1967,

a sightly higher rate than in

previous years.
There has been only one oil

from the Kinsale Head gas field

which produced 82 bn standard

Ireland confident of oil finds in Celtic Sea

BY HUGH CARNEGY IN DUBLIN

is a strong possibility of commercial oil finds in the Cetic Sea despite the fact that only 15 exploration blocks out of 77 bave been taken up in the third offshore licensing round this

A total of 21 oil exploration companies grouped in nine find in Irisb waters, in 1983, consortia were awarded the 15 which Chevron is still evaluate blocks, mainly located in the exploited commercially. The northern and southern sectors. Lack of enthusiasm for the other licences stemmed largely from dissatisfaction among oil companies over government terms reserving the right to take up to 50 per cent participation in any commercial field, including marginal finds.

The licensing round was delayed for several months Oil, in four of the 15 blocks. Its during which the government parent Bula Resources, recently announced more flexible terms applied to relinquish its covering tax and royalties due interests in two earlier licences.

Athens hits out at striking trade unions

ing the successful launching on Monday of a nationwide strike campaign against the economic austerity pro-

The Government accused triking unloss of "sacrificing the medium and long term interests of workers". It repeated its determination not to revoke a wage freeze imposed to the end of 1937 or to withdraw plans to modify the wage indexation

These are key features of a programme announced by

The unions said they were delighted with bigb tevels of participations in Monday's strike and are preparing fresh action for the rest of this

The Government's problem is compounded by the fact that the wave of strikes is not only backed by the opposition but also dissident Socialist trade unionists who have split the socialist maj-nelty in the leadership of the union congress, the

Eight fop unionists were expelled from the Socialist party last week after voting in favour of strikes in a stormy GSEE meeting, at which proposals for a general strike were only defeated by the casting vote of the social-

cubic feet last year, meeting 21 per cent of Ireland's primary A surprise in this week's announcement was the involvement of the Irish company, Bula extraordinary general meet-ing of the congress today

RELATION'S between Greece's Socialist Government and the unions have plunged, follow-

the government on October public sector and current accounts deficits.

action for the rest of this month.

A 24-hour general strike has been scheduled in the port and commercial centre of Pireaus today, while employees of the state-run electricity and telecommunications authority, train drivers, and workers in several other industries are expected to stop work tomorrow.

stop work tomorrow.

Next week civil servanis will join the strikes following a unanimous decision of the leadership of the main civil servanis federation.

The Covernment's problem

ist president.

The eight have retaliated by fending their weight to continued strike action this month, and by joining their colleagues in the GSEE leadership in calling for an The Governments in Bucharest and Sofia face continuing economic and energy problems

Liusuciai Jimes Oscaras Occiober 13 1200

Romania rugs up against a cold dark winter

BY ALAN SPENCE RECENTLY IN BUCHAREST AND DAVID BUCHAN IN LONDON

PRESIDENT Nicolae Ceausescu has ordered army officers into coal and hydro-electric power stations, the British embassy in Bucharest is buying diesel fuel ontside the country for its emergency generator, and ordinary Romanians are boarding gas bottles.

All, in their own way, are trying to guard against another cold, dark winter.

Within the past week, Mr Ceausescu bas sacked a deputy prime minister and two ministers responsible for electric power and mines. But, going beyond these dismissals, his usual remedy for ecocomic problems the president has declared a state of emergency in, and "militarised," the country's energy sector.

Catting in the military is hardly a novel form of economic management in Romania, where soldiers regularly belp harvest crops and dig canals. Nor is there any evidence so far of zero output from Romania's overt labour unrest, though the much-delayed nuclear reactor

country's only recent recorded strike was by miners in 1977.

Rather, Mr Ceausescu seems to bave ordered in military supervisors to get the energy industry to make the most of the work translated from the most of the most of the work translated from the most of the most o industry to make the most of its depleted stocks.

Romania would be extremely unlucky to face another winter of last year's severity, the worst for 40 years, during which power and heating was cut and private motoring banned for more than two months. But, according to official figures, coal stocks are now only 4m tonnes, when they should be up to 5.5m tonnes and power generation only 3,590 megawatts, compared with the target of 5,295 mw.

The immediate culprits are drought, hitting (as in neigh-bouring Bulgaria) bydro-

targets.
With oil extraction declining towards a level of I im tonnes a year, only fractionally a year, only fractionally increasing gas production, and

electric output, and missed coal

this year's target of more than 60m tonnes, coal production is running stubbornly no higher than last year's level of 41m



based countertrade firm, bas arranged e swap of 400,000 tonnes of U.S. coking coal for Romanian manufactured goods. Bucharest last week discussed the possibility of re-opening two closed-down pits in South Wales to supply Romania with coal, part of which would go in pay-ment in the National Coal

It is hard to see how " mili-It is possible this winter may see recurrence of last year's row with Yugoslavia which accused Romania of taking more than its due share of power from their from Siberia to a maverick ally

Bad weather has only arein vated a chronic energy crisis, rooted in the mismatch between limited energy resources and the Ceausescu Governments virtually unlimited industrial ambitions in sectors ranging from passenger jets, ships and

cars, to all manner of machine toois. Romania may be Eastern Europe's only major off and gar producer, but it cannot sustain

a refining and petrochemical industry requiring some 30m tonnes of oil 5 year. Mr Ceausescu may be taking advantage of the Warsaw Pag. It is hard to see how "milttarisation" can produce the
water needed to drive the
hydro-electric turbines, which
normally generate about 20 per
cent of the country's electricity,
any more than it could have
saved Romania from this year's
reduced harvest, due to drought.
It is possible this winter may
see recurrence of last year's row

tonnes of the years

Mr Ceausescu may be taking
advantage of the Warsaw Part.
Senior Soviet ministers for an
increase in Soviet oil deliveries.
But these at present amount is
less than one-sixth of Romania's
annual 12m tonnes of the Warsaw Part.
Senior Soviet ministers for an advantage of the Warsaw Part.
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Drought lands Bulgaria in deep water

BY PATRICK BLUM IN SOFIA

BULGARIA IS at a crossroads. After years of steady growth with gradual but evident im-provements in standards of living, the country is confronting serious energy and agri-cultural problems which have thrown the economy off course and brought to light an urgent need for structural reforms. These, however, are likely to prove difficult to see through and unpleasant for most Bulgarians.

According to Mr Storu Donley Story, general director of strategic planning and tech-nical progress at the State Planning Commission, the combination of shortages in agriculture and energy has seriously affected industrial output and led to a marked slow down in the economy with long-term repercussions. "These difficulties wil continue during the winter and next year," he says.

Failed targets in many sectors this year mean that targets for the 1986-90 plan are also being redrawn.

After a lanse of six years,
Bulgaria has started to borrow again. It raised \$200m in May and \$125m in September. A further credit of at least \$135m. The energy crisis has been is now being arranged by a are sceptical. They suggest

West German bank.
Officials in Sofia deny any ink between recent borrowings and the current erisis. Mr Vesselin Rankov, first deputy president of the foreign trade bank, says the loans are stan-dard banking operations under-taken now while conditions are good. "We are not pressed for money," he says. Part of the money raised will go to buy machinery and technology to modernise industry.

Western diplomats in Sofia are sceptical. They suggest that Bulgaria's borrowings are linked to the need to buy large quantities of grain, coal and other imports to build up stocks for the winter.

Bulgaria's financial standing remains high. Its foregin deht. estimated at about \$1.2bn, is the lowest in Eastern Europe. The Bulgarian anthorities are cautious borrowers and they want to maintain a step-by-step approach to future borrowing. Nevertheless, industrial modernisation requirements in the 1986-00 plan, combined with extra imports to compensate for the crisis, may compel them to borrow more than they planned.

Serious energy and agricultural problems have highlighted the urgent need to make drastic structural reforms in the country's economy

caused by the exceptionally barsh winter and by summer droughts, although repeated references in the local Press sug-gest that mismanagement also played a part. The drought so reduced water levels, according to Mr Doulev. Stoev. that president of the national agrobydro power generation has practically been switched off, with the loss of about 10 per cent of electricity generation. Coal-fired plants were also hit, according to western diplo-

mats, by delays in coal supplies caused by the bad winter As a result, electricity has been rationed throughout the officials country since winter. System gestions. atic power cuts are still being made as part of efforts to mirt consumption and this, in turn, has disrupted industry, particularly the cement sector Electricity prices have been adjustments while, in the West,

Increased, but with little effect on consumption, say Energy Ministry officials. So the emphasis is on improving energy efficiency and reducing electricity consumption by 4.5 per cent within the next five The troubles in Bulgaria's

agriculture stem from almost three years of unbroken drought. Once a net exporter of grain, Bulgaria has now been forced to buy large amounts of cereals from the West to com-pensate for serious shortfalls in domestic grain production which totalled about 9.4m tonnes of grain a year.

Mr Yovicho Roussey, deputy

industrial union, says the production of certain cereals pared with last year. Lower production of fruit and vegetables has raised fears of shortages and rationing during the winter, although officials dismiss such sug-

The crisis has highlighted the drastic need to make deep structural reforms in the economy, "We have been too slow to introduce structural

changes took place earlier." Me Doulev Stoev says. The next five-year plan will include sweeping reforms to improve efficiency and modernise the designed to reduce labour and capital costs, he says.

There will be additional steps to decentralise decision-making throughout indistry

FINANCIAL TIMES

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Martens

talks on

coalition

By Paul Cheeseright in Brussels

MR WILFRED MAKTENS ves-

terday started talks with party leaders on the formation of a new Belgium Government, hased on an economic and social programme which includes new

cuts in government spending of BPr 70bn (£910m) over the next

two years.
Each day until a new coalition programme has been
worked out he wil be meeting
in a chateau, in the Brussels
suburbs, the presidents and
senior ministers of his own
Christian Duracest Party based

Christian Democrat party, based in the Flemish north of Belgium

Social Christians from the French-speaking south and Libe

The aim is to present a co-alition with a four-year pro-gramme of activity to Parlia-ment when it reconvenes on

ment when it reconvenes on November 15. The new Parlia-reflects thesuccess of the coall-tion parties in the general election ten days ago. Then they won 115 of the 212 seats. Mr Martens presented a draft economic and social programme

rals from both regions.

begins

EUROPEAN NEWS

en and a series and

Kohl seeks U.S. assurances on Star Wars

CHANCELLOR HELMUT KOHL, President Ronald Reagan and yesterday began a five-day U.S. Mr Mikhait Corbachev, and of yesterday began a five-day U.S. Mr Mikhait Corbachev, and of the leading western wisit during which he will be the ensuing fall-out on East of the leading western industriation that will enable Bonn to participate formally in the Strategic Defence Initiative (EDI), the so-called Star Wars programme.

Like other Nato allies, West Germany was dismayed by the row inthin the Administration over whether SDI testing and development was compatible work to research alone. But the conflict has only served to development was compatible work to research alone. But the conflict has only served to development was compatible work to research alone. But the conflict has only served to touch upon the SDI and above all because of the damage such as tance might wreak on hones of a successful surgority in the Mark is in the IIS, the U.S. the second of a successful surgority in the Mark is in the IIS, the IIS the IIS the IIS the IIIS the IIIIS the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIIII the IIIII the IIIII the IIII the IIIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIIII the IIII the IIII the IIII the IIII the IIII the IIII the IIII

East German cash incentives begin to boost private sector

BY LESLIE COLFIT IN BERLIN

THE East German Govern- deterioration in supplies and ment's financial incentives to butchers, bakers, plumbers and other trades people to open private shops are beginning to deterioration in supplies and services which accompanied the number of private craftsmen.

Cheap loans and a one-year

The style of the state of the s

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private shops are beginning to take hold.

Neues Deutschland, the main Communist. newspaper, said yesterday that the number of East Germans privately employed in the trades sector rose by 11,844 to nearly 257,000 (without apprentices) between 1980 and 1984.

Unlike other Comecon countries, East Germany did not abolish private trades people, retailers and restaurants in one stroke after World War II. Fiscal and other pressures, however, reduced the number of individual businesses from 1.6m in 1955 to 176,300 last year.

In 1976 however the Covernment ment modified its ideology and introduced measures to halt a "golden foundation."

A Cabinet letter to Parliament

ence in the actual firing of the mis-

Mr van den Broek has taken the

strongest line on the missiles, con-

viet SS-20 missiles remain in place

despite the Soviet Union's recent

announcement of a cut in the

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Netherlands closer to deployment of cruise

BY LAURA RAUN IN AMSTERDAM

THE NEITHERLANDS edged closer the Labour Party's arguments that yesterday to final approval of the Holland's sovereignty is affected deployment of nuclear missiles because the U.S. President would when a majority of the parliament have ultimate power to push the firfound nothing unconstitutional about a draft Dutch-U.S. accord on

A. Cabinet letter to Parliament.

actual launching of the weapons. outlining the launch accord nearly Mr Joeo de Boer, defence special-ist of the Christian democrats, sethrew the Government into a crisis at the beginning of October, accordnior partners in the governing coaliing to the Dutch press.
Long-standing differences between Mr Hans van den Broek, the tion, said the lack of constitutional conflicts meant no two-thirds majority was necessary for parlia-mentary approval of the accord. Foreign Minister, and Mr Job de Ruiter, the Defence Minister, flared over the wording of Holland's influ-

Passage by a simple majority means that the Christian Democrats, their Liberal Party partners and the right-wing parties are virtually certain to garner the necessary

tending that deployment is all but guaranteed because too many So-The opposition Labour Party had argued that the accord conflicted with the constitution and therefore required approval by two thirds of the MPs. The Labour Party may submit a motion today to that effect although such an effort seems

The five-year accord is likely to be approved by a slim parliamentary majority after November
when the Cabinet is expected to
Approval of the medium-range when the Cabinet is expected to
Approval of the medium-range
agree to the stationing of the 46 missiles will not cost the Govern-U.S. cruise missiles on Dutch soil. ment much political cache because The coalition MPs previously exultimate deployment would not ocpressed their support for the according with the widely-opposed viet-U.S. arms control treaty could missiles during an initial debate reduce the number actually sited.

The Christian Democrat-Liberal would further damage Holland's partners have not been swayed by credibility within Nato

Spain to press U.S. over bases

such a stance might wreak on hopes of a successful summit in Geneva next month between

By David White in Madrid SPAIN WILL put its case for

a "progressive reduction" in the U.S. military presence on its territory at a first round of exploratory talks due to start here today. Sr Felipe Gonzaler's gov-ernment has insisted on get-ting talks under way well in advance of the planned refer-endum on Nato, which is ex-pected to be held next March. endim on Nato, which is ex-pected to be held next March. Cuthacks in the widely un-popular U.S. bases are part of the platform on which the Government will call on Spaniards to vote in favour of

staying in the alliance. However, the U.S. Administration has shown great re-luctance to make any move on its Spanish bases before the issue of Spain's continued membership of Nato is settled.

settled.
In this light, this week's talks headed by the U.S. ambassador, Mr. Thomas Enders, and Sr Maximo Cajal, a top Spanish Foreign Ministry official, are considered unlikely to advance beyond an ex-

change of views.

The U.S. stations about 12,000 military personnel in Spain, under a hilateral agreement renewed for five years in 1982 and revised in 1983 after the Socialist party came

to power. The Spanish side is ex-The Dutch Government has said it finally would accept the long-delayed cruise missiles if more than pected to seek the transfer of part of the artivity of the two principal air base facilities. These are at Torrejon, outside Madrid, where the U.S. has a military airlift command and a tactical fighter unit, and at Zaragoza, an important tactical fighter training centre used by U.S. squadrons based elsewhere in Eurona

The proximity of both these bases to large cities has made them targets of frequent pacifist and anti-American protests. However, they are both regarded by U.S. defence officials as difficult

and costly to replace. The other main facilities are a standby air base at Moron in southern Spain and the Rota naval base near Cadiz, used to support the U.S. Sixth Fleet in the Mediterraneau.

Spanish withdrawal from the alliance — which Sr Gonzalez, despite his opposition to Nato when Spain joined in 1982, is intent on avoiding—would call narry of the bilateral agreement into greation.

question.

A Plan to assessinate Sr
Jose Barrionnevo, the
Spanish Interior Minister, has
been foiled by police in the
Basque region, according to
Spanish government repre-

sentatives there.

The civil governor's office in Guipuzcoa, the Basque province bordering on France, said the plan by a commando of the Eta separatist organ-isation was uncovered when two of the four-member group were arrested at the weekend

EEC survey raises fears on over-capacity

Bonn should take part formally.

The dispute in Washington only reason why West Germany would also imply some form of ix looking particularly anxiously which East Germany, like the Chancellor will meet President

The dispute in Washington only reason why West Germany would also imply some form of understanding on the SDI, to which East Germany, like the Chancellor will meet President

to the party leaders on Monday night. This will serve as the basis for the first discussions on a programme.

He is trying to forge an alliance around a programme which gives a stronger "human dimension," as the draft puts it, to a policy of continued economic restraint. "Employment, particularly for the young remains the dominant preoccupation."
His economic plans are set in

a four year context so that from 1987 there will be a budgetary saving of BFr 117bm on an annual hasis. The two largest components of this are savings on social security of BFr 35bn and lower interest charges on government debt of BFr 30bn. But he also wants the government he hopes to form to com-mit itself to a further BFrs 70bn

BY PAUL CHEESERIGHT IN BRUSSELS MARKED INCREASES in eapacity utilisation by industry in the European Community have not eliminated fears among company executives that there is too much plant, and equipment in relation to expected output levels. This was one of the key results in a survey of business eonifidence, carried ont by the European Commission, as is its habit each quarter. The overall level of capacity in the each quarter. The overall level of capacity per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the per cent in April to 82.5 per results in the early sum The overall level of expected on the level has climbed over the processing the number of managers fearing constraints on their capacity is as great as the number concerned about surplus. The pattern of activity is in any case irregular. The survey showed that slack is clearly figures togelber, Community in the level has climbed over the processing chemicals, textile mucher of managers fearing constraints on their capacity. The DK, German and Dutch levels of the previous cyclical peak touched in 1979 The UK, German and Dutch levels of the previous cyclical peak touched in 1979 The DK Netherlands and Luxembourg, by contrast, the number of managers fearing constraints on their capacity. The Pattern of activity is in any case irregular. The survey showed that slack is clearly figures togelber, Community in the chird quarter of this year constraints on their capacity. The DK Netherlands and Luxembourg, by contrast, the number of

Aid to non-associated nations stepped up

BY OUR BRUSSELS STAFF

THE EUROPEAN Community that these two countries have this year will spend Ecu 268m hecome associated through the in 1976. India has been the big(£155m) on aid to developing Lome Convention, funds precountries in Asia, Africa and viously earmarked for Africa
Latin America with which it will be put in reserve. Indiand, does not have association agreements, the Commission said fraction of those provided for

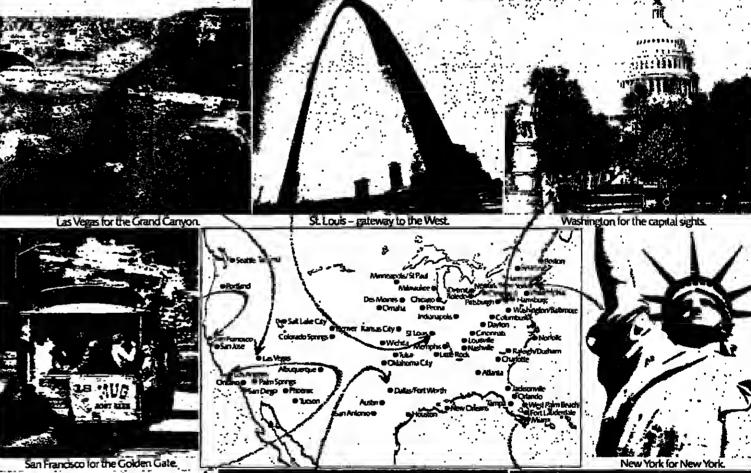
This compares with Ecu 218m developing countries linked to llocated in 1984. Three- the EEC in the Lome Conven-This compares with Ecu 21sm allocated in 1984. Three-quarters of the funds went, as in previous years, to Asian technical and trade co-opera-countries, 20 per cent to Latin the EEC in the Lome Conven-tion, a vehicle for financial, in previous years, to Asian technical and trade co-opera-countries, 20 per cent to Latin the budget for the Lome America, and 5 per cent to countries between 1986 and Angola and Mozambique. Now 1990 is Ecu 7.4hn (£4.3hn).

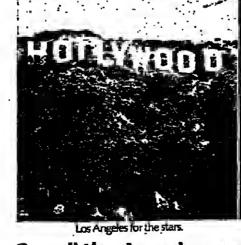
Since the programme started slop said in its report on aid to Lanka and Honduras, Another 22 countries have also received

aid. The report was published in the wake of a Community mini-sterial meeting with the Association of South East Asian Nations. Although the Commis-

gest recipient, according to the funds are granted to ensure Commission's latest report, fol- a Community presence in major lowed by Bangladesh. Thailand, regions of the developing world, Indonesia, Pakistan, Bollvia, Sri this ministerial meeting falled to reach any agreement on concrete methods to step up Community involvement in the area. Total aid to Asean countries and Asean itself from 1976 to 1984 was Ecu 190.1m out of

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In an ambuncament dated 4 October 1985, shareholders were advised that Egoli has readilyed to renounce its entitlement to 12 000 000 ordinary shares in Weswits-and that the Weswits shares would be offered to Egoli shareholders by way of a renounceable rights offer.

The Committee of The Johannesburg Stock Exchange ("the JSE") has granted a lighing of the renounceable (ni) peid) split letters of allocation in respect of the 72 000 000 ordinary Weswitz shares and subsequently the 72 000 000 ordinary Weswitz shares and subsequently the 72 000 000 ordinary Weswitz shares to be issued in terms of the rights offer as well as the 48 000 000 shares in Weswitz currently in Issue. These shares will be listed under the "Mining —Gold — West Witz" sector on the JSE list under the abbreviated name "Weswitz".

The holders of Egoti ordinary shares are being offered 50 ordinary shares in Wesselts for every 100 shares held in Egoti at a price of 100 cents per

Friday, 25 October

Friday, 1 November

Thursday, 21 November

Thursday, 21 November

Friday, 22 November

Monday, 2 Decimber

The important dates for the rights offer approved by the JSE are:

Last day to register for the rights offer renounced by Egoli in favour of its

Circulars by Egoli and letters of allocation posted er opens at 09h30 on the .ES

Last day for dealing in letters of atlocation on the JSE Last day for splitting renounces (nil paid) letters of altogation in

ury by 14h30 on Dealings in Weswitz ordinary shares commence on the JSE riights offer closes—payment to be made by 14h30 in Johannesburg on

fore Friday, 22 Novem cepted until 14h30 on Wednesday, 27 November

The rights issue circular and preliating statement will be available for inspection as from 25 October at the registered office of the company and

By order of the board

per DT J Lonsdele 23 October 1965.



Philippine deaths as rebels and army clash

Two soldiers and a rebel were reported killed yesterday in the central Philippines, and Government opponents protested the killing of a youth in a street march in Manila. AP reports from the Philippines.

The Philippine News Agency said a constable was shot dead and a policeman wounded when Communist guerrillas fired on a police team clearing a protest roadblock.

Another soldler was killed when rebels attacked a military helicopter. Elsewhere, a helicopter. Elsewhere, a guerrilla was killed as he was shooting motorists tyres.

Yesterday's Manila demonstration was organised by youth and farm groups. They picketed police headquarters to denounce the killing of a student in Monday's clash between police and stone-throw-ing demonstrators.

Stable Opec prices forecast

THE CHAIRMAN of the Organisation of Petroleum Exporting Countries (Opec) said yesterday that the organisation's members should not expect 1986 oil prices to change from 1985 levels, AP reports

Mr Subroto, who is also chairman of Indonesia's Ministry of Mines and Energy, said oil prices have been stable in the last three months and predicted that the situation would last until the end of the

China industrial growth slows

CHINA'S industrial growth rate slowed in the third quarter of this year due to measures taken by the

South African black activist arrested as crackdown continues

of several as schools through-

out the area in protest against threatened retaliatory action

against radical school teachers

insisting that students sit exams

despite the closure of schools

between mainly Zulu immigrant workers living in hostels and

inhabitants

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN police con- limiting death and injuries. tinued their crackdown on The demonstration was one political activists yesterday arresting Mr Trevor Manuel, Western Cape secretary of the United Democratic Front (UDF) who emerged from weeks of by Mr Carter Ebrahim the con-underground activity last week-troversial coloured Minister for end to address a large funeral Education, whose department is

rally.

The arrest came as police reported two more deaths in the in the area for several weeks black squatter township of Crossroads after police fired on cotts in protest against "gutter stone-throwing crowds.

stone-throwing crowds.

Over 65 people have been killed in the Western Cape over the last two months. Police yesterday reported a sharp increase in the use of firearms and petrol bombs by demonstrators in recent days which have seen marches by militant Moslem mourners and attacks both on parked cars and on vehicles. driving past the airport and which cost several lives.

other main roads.

In the Cape police made the first use of newly delivered the considered official response water cannon and helicopters to to the Commonwealth Comdisperse demonstrating students at the coloured University of the Western Cape. The new W. Botha's rejection of a six-riot control equipment is de-signed to increase the efficiency of security force action while of "senseless" sanctions. the Western Cape. The new

Slowdown in Zimbabwe's economic growth forecast by tony walker in zimbabwe

ZIMBABWE'S largest bank, faced a formidable challenge Standard Chartered, is predict-ing a marked slowdown in powing against a background economic growth next year upswing against a background partly as a result of the deteriorating regional situation in southern Africa caused by the crisis in South Africa.

In its October economic bullein, Standard Chartered said African situation would further
that after a strong recovery deter private foreign investment with 6 per cent growth in real GDP this year, expansion would

This advertisement appears as a matter of record only.

Dow

Peres peace call falls on stony ground

rinancial lyings Saturney october 18, 1300

By Our Foreign Staff

A CALL for direct peace nego tiations between Israel and Jordan issued by Mr Shimon Peres, the Israeli Prime Minister, has fallen on stony ground, not only on Amman but in Jerusalem as well. Not surprisingly, it was also rejected by the Palestine Libera tion Organisation (PLO).

Speaking at the UN General and a continuing school boy-Assembly on Monday, Mr Peres offered to go to Jordan's capital Widespread incidents of stone if necessary to seek peace and tion were also reported from did not entirely rule out "the support of an international forum" to get the direct talks townships in the Eastern Cape and the Transvaal. In Soweto to get the direct talks army and police reinforcements were called in to quell fighting

His cautiously worded speech, which departed in no significant which departed in no significant way from previous statements. caused a considerable outcry among right-wing political circles in Israel, including leading members of the Likud bloc. which shares power in the Government coalition with Mr Peres's Labour Party.

ference proposals on South Africa following President P. Both Mr David Levy. Deputy Premier, and Mr Yitzhak Modal, the Finance Minister, criticised Mr Peres for falling to specifically exclude the PLO from the peace proposals which he raised at the UN.

Mr Vitzhak Shamir, the Vice Premier, said in Luxembourg that he totally ruled out any in-ternational forum, even as a precursor to direct talks be-tween the two countries.

A Jordanian Government spokesman in Amman was quoted yesterday as saying that Jordan rejects any unilateral peace settlement with Israel. Any "partial or unilateral settlement with Israel" was rejected by the prime ministers of Jordan and Syria following a meeting on Monday, the spokesman said. quoted yesterday as saying that economy and an escalating political and economic crisis in the man said.

in Zimbabwe and highlighted Zimbabwe's economic depen-Mr Yasser Arafat, the PLO chairman, who was reported to be on his way to Cairo, also rejected bilateral negotiations. slowed in the third quarter of this year, expansion would year due to measures taken by the Government, officials said in Peking yesterday. They said total industrial comput in the first nine dustrial comput in the first nine months was 2L1 per cent higher than in the period last year. Expansion would Zimbabwe's economic dependence on South Africa—19 per dense on South Africa—19 per cent of Zimbabwe's trade is cent of Zimbabwe's trade is cent of Mile South Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south African transport system.

All 1885er Aratal, the LD dense on South Africa—19 per cent of Zimbabwe's trade is cent of Zimbabwe's trade is cent of Zimbabwe's trade is cent of Mile South Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the South Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the South Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be satisfied with the success of the south Africa, including 40 per cent of manufactured covernment had every reason to be

U.S. envoy meets Bourguiba in bid to patch relations

BY FRANCIS GHILES IN LONDON

MR JOHN WHITEHEAD. U.S. praise for Sig Bettino Crast, the Deputy Secretary of State, held talks with President Habib Bourguiba in Tunis yesterday on the third and last leg of a fence mending tour including Italy and Egypt. The tour followed the row after

the Israeli raid on the Palestine Liberation Organisation headquarters in Tunis and the highjacking of the liner Achilla Lauro The anthorities in Tunis have not mentioned the visit publicly for fear

of inflaming public opinion in which President Ronald Reagan's initial justification of the Israeli

Italian Prime Minister, who too demned the Israeli raid on Tunis.
The media has also noted that Six Craxi paid the price for having stood up to U.S. pressure for the extradition of Mohammed Abu Abhas. the Palestinian leader Washington

has accused of masterminding the hijacking of the Achille Lauro. The harm done to our country is enormous and can never be furgit-ten, the independent Le Damps newspaper said yesterday. It was a sentiment echool by M. Mahmoud Mestiri, Secretary of

State for Foreign Affairs when he The Tunisian press continues to publish articles highly critical of U.S. behaviour, and has had warm

Coalition unlikely, says Japanese party leader

JAPAN'S fourth largest political pace in advance of likely elections group, the Democratic Socialist party, has no intention of entering into a coalition with the ruling Liberal Democrats (LDP), according to the third largest party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and also closer to the LDP than to the Socialist party and the socialist party an

In a speech in Tokyo, Mr Tsukamoto quashed speculation that an apparent similarity of views with the LDP on issues such as de-

It was up to the LDP, the DSP chairman said, to make the necessary approaches. He doubted that either Mr Yasuhiro Nakasone, the Prime Minister, or any of the other non-Marxist) philosophy. aspiring LDP leaders was contemplating such an offer.

A year ago, Japanese politics were thoroughly shaken when it emerged that Mr Susumu Nikaido, another LDP leader, had plotted to unseat Mr Nakasone in talks with bers of the middle-of-the-road par-

ists, produced a hill of particulars against Mr Nakasone which seemed to preclude any early getting together.
For its part, the DSP was last

fence spending could form the basis for any coalition.

year even considering dropping the word "socialist" from its name. But yesterday, Mr Tsukamoto, speaking with considerable direct-

ness, argued the party was still committed to a "socialist" (although Mr Tsukamoto had no words of encouragement, however, for the Socialist Party either, condemning particularly what he felt was its

short-sighted defence policy. He added, in words Mr Nakushie other LDP elders and some mem- is constrained from using in public, sue of the 1 per cent of GNP ceiling Since then, in the political on defence spending were by new a manoeuvering that is gathering red herring.

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AMERICAN NEWS

Soviet missile 'in breach of Salt 2 treaty'

BY REGINALD DALE, U.S. EDITOR

MR CASPAR WEINBERGER, the U.S. Defence Secretary, yesterday charged the Soviet Union with deploying a new. mobile intercontintental missile, in clear breach of the 1979 Salt 2 strategic arms limitation treaty.

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treaty.

Pentagon officials denied that Pentagon officials denied that the accusation was timed to influence next month's summir meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, at which arms control will be a major topic. They conceded that it was intended to illustrate the difficulty of negotiating meaningful arms control ing meaningful arms control agreements with the Soviet Union.

Union.

Hitherto the U.S. has said that the new missile, the SS-25, was "nearing deployment."

Yesterday, however, in a speech to the Ethics and Public Policy centre, a conservative think tank, Mr Weinberger said: "I can officially confirm that one of their new ICBMs, the mobile SS-25, is now being deployed. SS-25, is now being deployed and is an unquestionable violation of Soviet assurances given to the U.S. under the Salt 2

washington maintains that by developing two new intercontinental ballistic missdes, the SS-25 and the SSX-24, Moscow is violating a treaty provision limiting the two sides to one new ICBM each.

Yesterday, Mr Weinberger for the first time dropped the "X" from the SS-25's designation, signifying that the missile bad moved from the experi-

bad moved from the experi-mental to the operational stage. The SSX-24. which can carry up to 10 warheads, is roughly comparable to the U.S. MX,

which is due to start deploy-ment at the end of 1936. The SS-25 is a smaller, single-warhead missile that can be transported by road on special mobile launchers. Its possible American equivalent, the Midgetman, is still under study and could not be operational



sile, but a modernised version of the older, two-warheaded

The U.S. has flatly rejected that contention, saying that the SS-25 is aignificantly different in size, range and propellant. Mr Weinberger said the SS-25 deployment was "not, sadly, the only case of a Soviet violation of arms control agreements."

The difficulty of verifying and enforcing arms control agreements is one of the main arguments used by hardliners in Washington to challenge the desirability of new accords with Moscow.

with Moscow.

In publicising the reported SS-25 deployment, Mr Weinberger was probably hoping to strengthen the U.S. negotiating position, and stiffen Mr Reagan's received the before his marking with resolve, before his meeting with Mr Gorbachev in Geneva.

Many arms control experts, however, believe that a move to smaller, mobile ICBMs, like the SS-25 and the Midgetman, could help to stabilise the nuclear until the early 1990s.

Moscow denies that it has breached the treaty, claiming that the SS-25 is not a new mispowers.

SS-25 and the Midgetman, could help to stabilise the nuclear balance between the two superpowers.

Alfonsin orders arrest of top army general

BY JEMMY BURNS IN-BUENOS AIRES

The Argentine Government the brink of political and social of President Raul Alfonsin chaos.

The civilians arrested include two fournalists who are alleged officers civilians in connection with

recent terrorist attacks.

The officers include Col
Pascual Guerreiri, the deputy
head of the army intelligence
service J-2, and General Guillermo Soarez Mason, the former lermo soarez Mason, the former commander of the First Army Corps based in Buenos Aires, who has been a fugitive since being publicly linked to Italy's outlawed P-2 masonic lodge, drugs and arms trafficking, and buman rights violations in January 1983.

Vestelay Con Soarez Mason

January 1983,
Yesterday Gen Soarez Mason,
who was briefly sighted in a
seaside resort earlier this week
after having allegedly lived in
Soain for over s year, was
continuing to elude arrest. The
others have all been detained.
The arrests follow a highlevel weekend meeting between
Sr Alfonsin and the military Sr Alfonsin and the military high command at which the President is understood to have received assurance that the tactics of the accused do not command the support of a wider

section of the armed forces.

The Government, invoking a presidential decree used only in exceptional circumstances, accused the 12 of orchestrating a deliberate attempt to undermine the country's democratic

The arrests follow a growing wave of bomb attacks against military and civilian targets, numerous death threats and a provocative series of articles in some sectors of the local media

to have been actively collaborate ing with hardline members of

the armed forces,
Government officials believe
the 12 constitute the main core
of a small but determined extreme Right group bent on exploiting current military dis-agreement over the trial of the former junta members and the generally heated political atmos-phere in the run-up to the November 2 parliamentary elec-

The political sympathies of those arrested and their activities have been known to the government for months but yesterday's initiative was prompted by the recent bomb attacks.

by the recent bomb attacks.

Relations between President
Alfonsin and the military
remain strained over the human
rights issue. However, most
observers here rule out the prospect of a conp because President
Alfonsin's popularity remains
high and the economic situation
is largely under control.

Nevertheless government
officials admit that the next few
weeks could prove crucial in

weeks could prove crucial in determining just bow successful

determining just bow successful
the government has been in
neutralising the last vestiges of
the former military regime.
Yesterday's arrests coincided
with the final day of the
defence's summing up in the
six-month long trial of the nine
members of the juntas.
The court martial board is exnected to spend the next two pected to spend the next two weeks sifting through the evi-dence before reaching a verdict

in early December.

Killer of Harvey Milk commits suicide

BY LOUISE KEHOE IN SAN FRANCISCO

DAN WHITE, who killed San in e state prison caused riots Francisco mayor George among San Francisco's large Francisco mayor George Moscone and supervisor Harvey Milk in 1978, has committed gay community.

The former San Francisco supervisor, who was found guilty of shooting the mayor and Mr Milk, a gay activist, in San Francisco city ball, died on Monday in the garage of his San Francisco home after piping carbon monovide exhaust funes carbon monoxide exhaust funies

Mr White's death is the final chapter in a tragic sequence of events that bas had a major impact upon the state of Cali-fornia. His crime left a legacy of legal and community outrage.

Following the deaths of Mr Moscone and Mr Milk, Mr White was tried on charges of volunwas tried on charges of volun-tary manslaughter, rather than murder as many would have hoped. In his defence he argued that his consumption of large quantities of junk food left him incapable of making rational decisions

of seven years and eight months a symbol of gay power.

The so-called "Twinkie de-fence" (a Twinkie is a popular crean-filled sponge cake) prompted state lawmakers to stiffen the rules of "diminished stiffen the rules of "diminished capacity" and insanity defence, to introduce tougher penalties for violent crimes and to require the death penalty in special circumstances," including the killing of a public official.

In 1982, the "Twinkie defence" also became the rallying cry for those sponsoring the "victim's bill of rights" which made sweeping prosecution sponsored changes throughout the state's legal system.

The deaths of Mr Moscone and Mr Milk, two of San Fran-cisco's most liberal politicians, also galvanised the gay rights aso garvanised the gay rights hat his consumption of large movement throughout the U.S. Harvey Milk became a martyr for the national gay rights coisions.

His sentence, later reduced, feeven years and sight months.

The peacemaker retains its touch

BY OUR UN CORRESPONDENT

THE United Nations celebrates ter, used almost the same words crises has served the inter- and Afghanistan and end the its 40th birthday tomorrow, a in his General Assembly speech national community well over Gulf conflict. In each case both THE United Nations celebrates its 40th birthday tomorrow, a very different institution from the one envisaged by Churchitl. Roosevelt and the other founding fathers — and certainly mu. less effective. Nevertheless it remains an important element in global insurance against a recurrence of the

the years.
The 1956 Suez debacle, the

sides have accepted his role as neutral intermediary.

Still, Sr Perez de Cuellar is development fund. Ten million refugees are cared for by the

development projects to the UN

the one envisaged by Churchith.
Roosevelt and the other foundno factainty and insurance
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government now attending the
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it is that, despite all its manifold shortcomings, the organisation remains important
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it is that, despite all its manifold shortcomings, the organisation remains an indispensable
of unit in international relations.

Friedlent Kennedy's UN repressemant was without the world body
and shortcomings, the organisation remains an indispensable
of unit in international relations.

Friedlent Kennedy's UN repressemantative, used to say their it
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Star Wars skirmish heads for prime-time television in U.S.

proposed Star Wars Strategic earlier this week that it is try- the group plans a new cam- nuclear war. Defence Initiative are using to raise enother \$1.7m to paign.

television commercials in their efforts to influence U.S. arms-control policy. AP reports from washington.

Commercial supporting Star.

Commercial supporting Star.

Commercial supporting Star Wars began running this week on two Washington channels.

The coalition for the Strategic System as a "peace shield."

Mr Howard Ris, executive when the scientists group purchased time for a television advertisement illustrating the view about \$100,000 earlier this year that SDI will militarise space

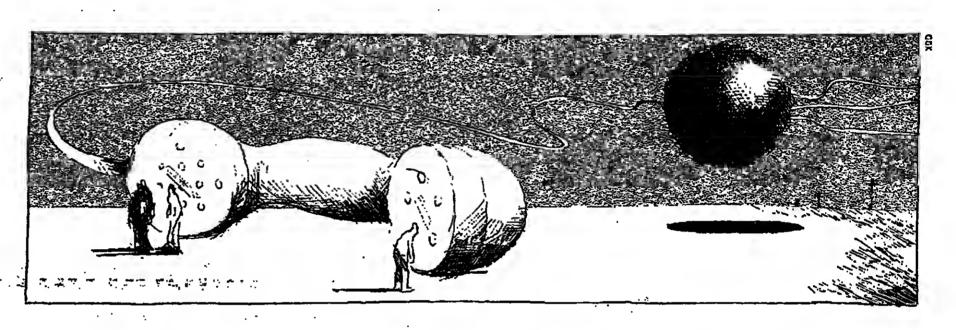
said: In our commercials, the little girl gets saved by SDL"

The commercial depicted a child gazing at the night sky

The commercial opens with a nuclear weapons and that's why

house, and stick figures covered peace shield. by a dome-like shield. Incoming missiles are zapped by the outer space so they couldn't hit shield, which turns into a rain- our house. Then nobody no-Mr Daniel O. Graham, a re-tired U.S. general and a leading figure in the pro-SDI movement, what this Stor Wars stuff is all no reason to start one. My

voice says: "I asked my daddy nobody could win a war, there's what this Star Wars stuff is all about. He said that right now we can't protect ourselves from nuclear weapons and that's why



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Rolls-Royce presses Malaysia over loss of \$40m air order

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

pressing Malaysia for compen-sation following the sudden loss of a \$40m (£28.5m) engine order to Pratt & Whitney of

The action springs from a 981 agreement under which Rolls-Royce was to supply engines for four Boeing 747s to be purchased by Malaysian Airline System (MAS), the national flag carrier.

Last month, the Kuala Lumpur Government over-rode the engine order relating to the third 747, but to pre-empt any legal problem, ordered the air-craft to be purchased by Petronas, the state oil corporation, and teased to MAS.

Though the original order could still materialise, Rolls-Royce believes it has grounds Royce believes it has grounds for compensation because of the disruption to current production and to its own development plans caused by the Government's switch.

The British Government remains surprised, not to say upset, over the engine order, even though officially there was no link between continued orders for Rolls-Royce and with Boeing and Pratt & Whitney is yet to be signed, which means MAS faces the possibility of a delay in delivery of the aircraft beyond the original mid-1986 target date.

Should that bappen, MAS'a plans for two new weekly flights to the U.S. West Coast and the fifth weekly flight to London could also be held up.

ROLLS-ROYCE of the UK is MAS's fifth weekly flight to Permission for the flight was granted by Mrs Margaret Thatcher, Britain's Prime Minister, when she visited Kuala Lumpur in April, a move which al that time defused tensions between the

two sides. MAS itself is believed to have resisted the change in its engine purchasing plans, which was decided on by Mr Daim Zaimuddin, the Malaysian Finance Minister.

Finance Minister.

But the airline has been additionally embarrassed because the Government's intervention—and now the possibility of a legal tangle—has coincided with a major share issue to the Malaysian public.

Moreover, the Petronas deal with Reging and Pratt A. with Boeing and Pratt & Whitney is yet to be signed, which means MAS faces the possibility of a delay in delivery of the aircraft beyond the original mid-1986 target

Bidding will cut cost of Singapore Metro by 15%

THE COST of Singapore's Mass
Rapid Transit metro project
savings would he 15.20 per
cent under its original S\$50n
(£1.6hn) hudget because of
competitive bidding by foreign
contractors, the MRT Corporation has revealed.

chairman, who stated that
savings would he 15.20 per
cent, "but closer to 15." He said
cent, and another 12 would
be given by the middle of next
year.

Although the project is keeping broadly to its accelerated

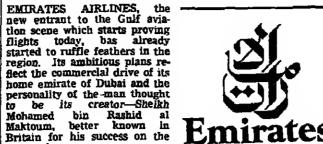
time the substantial margin of savings gained by the island construction.

State by starting and then accelerating the project in a period of international recessing apore, and contractors say

It also means that the Government, which is suddenly grappling with the country's lowest economic growth in two decades, now has a clear idea of the final cost of its biggest-

The figure, given exactly two ing broadly to its accelerated ears after construction work schedule, contractors say began, confirms for the first delays are occurring in tunnelling rather than in station

Completing the project on time is a matter of bonour for outstanding differences with the MRT Corporation over additional work are being approached in the right spirit. The project's most serious disruption to Singapore's normally smooth-running way



racetrack. The airline starts on a humble note, with two aircraft, an Airbus and a Boeing 737-300. both leased from Pakistan In-ternational Airlines (PIA), 83 cabin crew and a chairman. He is the brother of the Dubai ruler, 29-year-old Sheikh Ahmed bin Said al Maktoum. The airline's working capital is said

Uotil recently, most people in the Gulf assumed that Gulf Air was the national carrier for not only Bahrain, Oman, and Qatar, but also for the federa-tion of seven sheikhdoms known as the United Arah Emirates, of which Dubai is a leading member. In the last 11 years since the four states took it over, Gulf Air has built up an identity in the region not reliant only on the cucumber sandwiches and large whiskies which its bostesses freely dispense between the "dry" states of the Golf. Why then has Dubai gone it alone?

to be "tiny."

Perbaps the most important reason is that Dubai was never a sharebolder in Gulf Air In the first place. The airline is owned in the personal names of the heads of state of the four

EMIRATES AIRLINES Is to acquire nine additional aircraft over the next four years to operate planned routes to Europe, Asia and the Middle East, Sheikh Ahmed bin Said Maktoum, Its chairman, Said yesterday. Sheikh Ahmed did not

specify whether the aircraft would be purchased or leased, but it is believed that the airline prefers the latter. He added that Emirates Airlines intended to run a service to Cairo and the Guif states by the beginning of next year, and to Europe and Asia in a year's time.

president of the federation and ruler of Abu Dhabi. Having one's "national" car-rier owned by the ruling sheikh tion, and as late as last July was offering Dubai a sbareholding in the airline. By that time, however, Dubai had already taken the decision to form its

as the "gateway to Arshia." The regional carrier is headthe past two years, Dubai felt it was not receiving sufficient Gulf Air, Dubai officials say, cul its services from 108 movement a week in 1983 to 47 last year. Gulf Air officials say the cuts were merely a reflection of a change in aircraft used on Dubai routes, and that the capacity remained the same.

To Dubai, with its open skies policy to internatonal airlines, freewheeling atmosphere and easy visa rules for businessmen, such a cut in air connections for whatever reason, conflicted with its role as an entrepot centre for the region. "As a trading centre, we absolutely

depend on good communica-tions. It's our lifeline," com-mented one Government official. Local aviation circles suggest Local aviation circles suggest another reason for Gulf Air's cut in Dubai services. For years the airlines has been seeking traffic rights to the highly lucrative routes to Islamabed, Lahore and Rawalpindi, where most of the Pakistani immigrant workers in the Gulf originate.

The Pakistan airline wel-

The Pakistan airline wel-comed Gulf Air's approach, provided it could prove it was the national carrier for Dubai, from next door clearly irritated where PIA wanted to run its travelling at cheap discounted Dubai from the very beginning.

In the past few years, Gulf Air ment politely declined to issue has tried to rectify the situa- such a declaration and the Bahrain rehuff suggestions result was a cut in services to the emirate.

Relations between the two took a further nosedire when Gulf Air attempted to secure

Kathy Evans reports from Dubai on Emirates Airlines, a new competitor for regional carriers

Cathay Pacific were all approached to pay for the privilege of entering this highly incrative market. Some rejected the demand outright and many to this day do not have an interline agreement with Gulf Air, under which passengers can freely transfer between carriers on the same route. Dubai regarded this demand craft a by Gulf Air as a clear contra-

vention of its sovereignty, and its right to conduct civil aviation policy. Its policy has been one of the most liberal in the world, for in the interest of promoting Dubai as a transit and business centre, airlines coming to and from the Far East have been able to nick up passengers, many of them travelling at cheap discounted Bahrain rehuff suggestions that their demand for royalty payments from the foreign airhnes represented an interven-tion in Dubai's aviation policies. "It was merely a commercial agreement between various air-

is off the ground, the hattle lines are clearly defined. The new arrine has only three destinations to five to so far—Bombay, New Delbi and Karachi. It had earlier secured landing rights in Kuwait bot landing rights in Kuwait, bot Gulf Air successfully managed Gulf Air successfully managed to get these rescined until after the Gulf Co-operation Council summit in Oman next month. Clearly, Gulf Air pulled every political string it could. "The Emir of Babrain phoned the Emir of Kuwait and that was that," said an official of Emirates Airlines. of Emirates Airlines.

AMERICAN CHARLES CARREST CALIDOCA TO LOCAL

The Dubai airline has also The Dubai airline has also applied for landing rights in Muscat. Oman and Bahrain, the home base of Gulf Air. These rights, senior Bahraini officials say polititely, are "under study." Emirates Airlines could however be more successful with the much-coveted routes to Pakistan, given the co-operation on aircraft and crews which already exists.

Meanwhile, Gulf Air also appears to be working out its strategy. Its new winter schedule gives Dubai only 24 flights a week, say uncon-firmed reports. This arrange-ment would effectively thwart Duhai's original objectives of ensuring a greater number of

Gulf Air has, however, announced extra services through Sharjah airport. 20 minutes away in a neighbouring emirate. Officials say that a relocation of Guif Air services to Sharjah is necessary if the network of Asian and inter-Gulf services is to be preserved. Foreign airline representatives lines and our selves," one official remarked. are now also considering relocating to wherever Gulf Air Now that Emeriates Airlines

Feathers ruffled as new airline takes to Gulf skies

There are two results at the from the battle. First, by the criminating against Gulf Ale Duhai has effectively ended to open skies policy. Second the shifting of Gulf Air operations to Sharjah will lessen Duhain attractions to both passengers and interpretational airlines. and international airlines price war could also result, for Gulf Air officials say that their prices from Sharjah will reflect market forces."

Gulf Air has a few more access up its sleeve. It is currently refusing an interior agreement with the new airling and in February next cont of the control o plans to float 49 per cent of its shares to the public in the states. The airline would thin gain a greater identity as a "national" carrier. A surface embarrassment for the new all line is that Gulf Alr's chairman next year is to be from Alu-

But Gulf Air's most powerful card is a political one, for the formation of the new strling bucks the historical treat of unity and economic co-operate between the Gulf states. A tion circles view it as sign tion circles view it as algument, that this year, Shelkh Moban, med of Dubai is planning in attend the forthcoming Galf-summit. It will be the first time he has ever attended, though Dubai officials say that this was decided upon Months ago.
With Gulf Air playing the
political card on the one hand

and Emirates Airlines appearing to the powerful Colfideologies of free enterprise and competition on the other, it is hard to predict which of two holds the winning hand.

the heads of state of the four own airline. The heads of state of the heads of the French win order for smart card

computer group, will supply an extension access to build a making telephone calls to check the computer group, will supply an experimental batch of system.

Experimental use of smart cards to the Royal Bank of Canada to give the bank's customers access to details of the cards for cashless hanking has the bank's customers access to details of the cards for cashless hanking has the cards for cashless has the cards for cashless hanking has the cards for cashless hanking the bank's customers access to details of account balances, The contract, although small

smart card technology, which is already being tested for a number of applications in the In September Bull received of the final cost of its biggestever civil engineering project. when a main artery in the
The figure came from Mr central shopping area was
Michael Fam, MRT Corporation closed because of subsidence gressively around the country applications spreading from the world.

credit card organisation, while a number of other U.S. banks in value, is the first break-through in Canada for French have also shown interest in testing the card.

The smart card, a plastic rectangle containing an in-built micro-processor and memory.

cards for cashless banking has just started in the U.S. state of maryland by the Mashtercard access to computerised banking information concerning their

of selling the card worldwide have been boosted this month micro-processor and memory, by the decision from the Interwas invented by a Frenchman national Standards Organisation in 1974. It can be used to carry to adopt the Bull micro-proces-

Honda luxury car on sale in U.S. next April

Motor Industry Correspondent HONDA'S version of the XX luxury car developed in coluxury car developed in cooperation with Austin Rover of
the UK called the Legend, will
be introduced at the Tokyo
Motor Show next week and go
on sale in the U.S. in April, the
Japanese group said yesterday.
A new dealer network, called
Acura, with 50 outlets, has been
set up to handle the model in
the U.S. where Honda hopes
to sell between 20,000 and
30,000 a year compared with 30,000 a year compared with only 1,500 in its domestic

U.S., Gulf states to start petrochemical talks soon

Gulf Co-operation Council (GCC) will start talks in January on petrochemical exports to the U.S., a council official said yesterday, Reuter reports

al-Quwaiz, Assistant Secretary-General for Economic Affairs, said experis from the GCC and the U.S.

GCC experts will also meet in Europe in December with

The Gulf states, particularly Saudi Arabia, are building a large petrochemicals industry in an attempt to secure a sabstantial share of the ward.

They want free access for their products to the industrial-ised world, but this worries producers in Europe and the

taken place with EEC officials on the subject,

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Legal Notice

COMPANIES ACT 1985

FREEMAN MATHEWS TREASURE LIMITED-IN LIQUIDATION LIMITED—IN LIQUIDATION

NOTICE IS HEREBY GIVEN that oil Creditors of the above-eamed Compsey who have ett submitted their current of their dabts or sisims or have eet received scknowledgement on proof provided by them ere required to outmit details of same by recorded delivery on or cofore the 4th Noviember, 1995. In default of such claims being submitted to the underranged. Laurance Jeck Gerrard of Laurance Gorrard & Co., Adom Houco. 14 New Surington Street, London. WIX 28U the Loudetter of the Company by the above date they will be oxicluded from the benefit of the Ovirdond to be paid in this matter.

L. J. GERRARD. Liquidator 4th October, 1985.

Art Collecting

BLANCHARUS, 178. Sloane St., SWI 01-235 6612. INTERIORS by André da Moller. Until Oct. 26. RICHARD GREEN, 6 New 80nd Street, W1. 493 3939. RITISH MARINE PAINTINGS. Daily 10-6, Sats 9.30-12.00. THACKERAY GALLERY, 10 Thacteray St, W0. 937 5803. ALBERTO MORROCCO, U401 8 Nov.

officials from the European

from Riyadh. Mr Abdullah

cil's oll ministers, shead of a ries going into decline as a Gulf summit meeting in Muscat result. next month, Mr al-Quwaiz said

Company Notices

MINORCO MINERALS AND RESOURCES CORPORATION LIMITED

NOTICE OF ANNUAL GENER NOTICE IS SIERERY GIVEN that the fifty-sixth ennual general meeting of star-bolders of Minerals and Resources Corporation Limited will be been at the Hotel Inter Continental, Rue Jaan Engling, Domendering, Grand-Ducky of Luxembourg at 09815 on Tunday, November 19, 1985 for the following

To elect wirectors. Holders of share warrants to bester who wish to attend it or to note at an opened meeting of Misorco must be supposed attended under which share warrants to bester are ser requisitions are obtained from the SIX transfer appuls.

By order of the board of directors:

O. E. FISHER, Vice-President, Secretary and Treasures:
October 22, 1985.

INCO LIMITED (Incorporated under the laws of Canada)

U.S.\$100,000,000 Floating Bate Notes due 1995 Notice is hereby given that the Rate of Interest has been fixed at 8.5% and that the interest will be payabe on the relevant Interest Payment Date, April 23rd, 1986 against Coupon Number 2. In respect of U.S.\$100,000 nominal amount of the Notes, the payment will be U.S.\$4,297,22

and in respect of U.S.\$1,000,000 nominal amount of the Notes, the payment will be U.S.\$42,972.22. CANADIAN IMPERIAL BANK OF COMMERCE

Agent Book October 23rd, 1985

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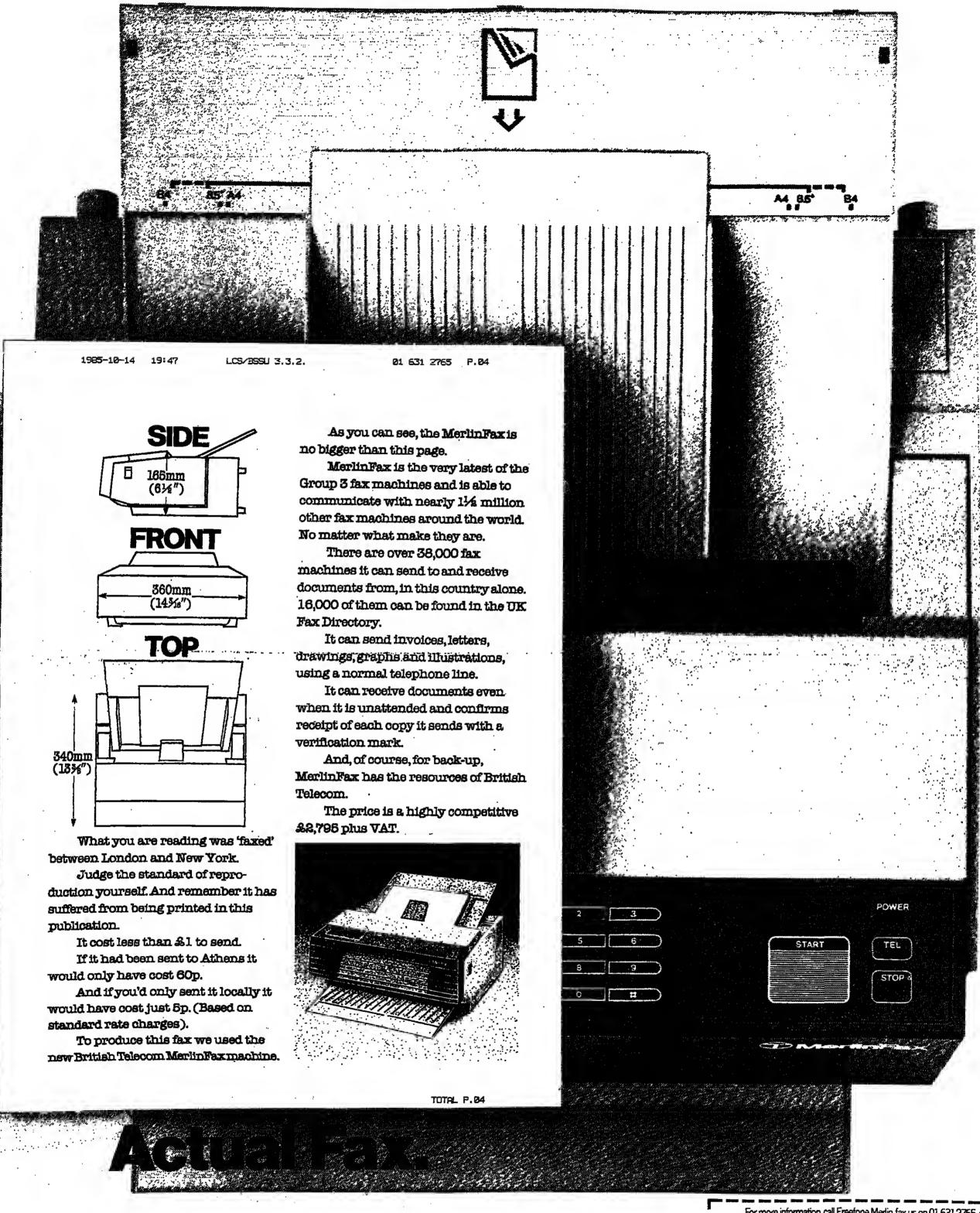
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RIVAL INTERNAL BIDS FOR WARSHIP MAKER

Bank of England is accused of JMB 'fraud'

BY PETER RIDDELL, POLITICAL EDITOR

ALLEGATIONS that members of the Bank of England staff were involved in illegal and fraudulent activities in relation to the collapse of Johnson Matthey Bankers (JMB) were made by Mr Brian Sedge-more, Labour MP, in a House of Commons motion published yester-

The motion, which is protected under parliamentary privilege, follows a series of allegations made in the summer by Mr Sedgemore about alleged fraud in the JMB

Yesterday he called it the higgest financial scandal of the 20th century. "So far we have only seen the first worms crawl out of the can," Mr Sedgemore said in a statement. He is likely to raise, the matter dur-ing the Queen's Speech debates which start in a fortnight.

His motion calls on the Government to set up an inquiry into the JMB collapse (which occurred just

Among other items he says this should examine evidence that the inquiry to examine the conduct "members of the Bank of England of (a) the Governor of the Bank of conspired with each other, with England, (b) directors of the John-Mahmud Sipra and his solicitors and with others to utter forged documents in relation to \$27m arising out of the Johnson Matthey Bank



Mr Robin Leigh-Pemberton

each other and with others to de-fraud the liquidator of companies in the El Saeed Group and to defraud other creditors; and further calls on son Matthey Benk appointed by the
Bank of England, including Rodney
Galpin, Patrick Brennan, Patrick
Smith, George Copus and Martin

Indicate the matter that the Hander than the matter than Harper and (c) David Curtis and Mr not stand in the way of any investi-He also calls on the inquiry to Thomason of Hambros Bank in regation into fraud in connection with examine evidence that members of lation to their activities concerning JMB.

Johnson Matthey Bank." Mr Sedgemore said in his statement that he had been told by Sir Patrick Mayhew, the Solicitor-General, that the Fraud Squad is investigating the matters in the motion.

Mr Sedgemore said - the very in-tegrity of the British banking sys-tem had been put at risk. "Al-though, and we must be thankful for small mercies, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, is not himself a conspirator to crime, it will be impossible to restore confidence until he resigns and a new Governor is appointed."

Quite separately Mr Paul Chan-non, the Minister of Trade, revealed that preliminary police inquiry into certain accounts with JMB would mean that the Export Credits Guarantee Department would be in-volved. The ECGD would co-operate fully with the police in its inquiries.

Terry Povey adds: The Bank of England last night declined to comment "at this time" on the allega-tions. Answers would have to come through the proper channels now that the matter had been brought

Dawkins writes.

BY ANDREW FISHER, SHIPPING CORRESPONDENT FIVE DIRECTORS are set to be- ers in Cumbria, and the small Hall Russell yard in Aberdeen, Scotland. come the new owners of the Vosper Nu sale price was mentioned yes-Thornycroft warship yard in Southampton, having outhid a rival attenday for Vosper Thornycroft, tempt by three of their colleagues. which made a pre-tex profit of near-

Vosper Thornycroft directors

set to take over shipyard

The price is likely to exceed C15m. ly £3m in the financial year to
The yard, which is negotiating a March 31, 1985, but the team led by £350m frigate order with Pakistan Mr Usher is believed to have bid beagainst West German competition. tween £15m and £20m. said yesterday that the manage-The existence of two internal bids ment team led by Mr Peter Usher. for the same yard is thought to the present managing director, had have caused some rancour among been selected as the preferred bid-der by British Shipbuilders (BS) the the Vosper management. Mr Usher said yesterday that employees would have the opportunity to own state-owned parent group.

BS is selling off its profitable shares in Vosper. The sale is subwarship facilities as part of the ject to final government approval.

expected next week

ago. It is building mine-detecting ships of glass-reinforced plastic for the Royal Navy and fast patrol craft for a foreign navy, as well as refitting frigates for Indonesia.

tiusucial simes, parining, ocioner, 19, 1200.

The buyout is being financed by County Bank Development Capital. with Gresham Trust and Standard Chartered Bank. Apart from two internal bids, there was also one outside bid from an undisclosed

The Government set March 31 1986 as the date by which it wanted the warship yards sold back to the private sector. The sale of Swan Hunter, probably to a management gramme. It is being advised by Lazards, the merchant bank. Still to be sold are Swan Hunter on the Tyne, in North-East England, Vick
Vosper, which has no connection team, is likely to be announced with the recently privatised Vosper soon. Vickers has just been formally by put up for sale, with directors alpeople, about 1,000 less than a year so contemplating a buyout attempt.

Schroder raises buyout funds

J. HENRY SCHRODER WAGG, the London merchant bank, yesterday announced that it had raised £72m The total capital available to the from British and U.S. institutional Schroder UK Buy Out Fund will be investors for equity investment in between 200m and 250m if the management buyouts. William various kinds of loan finance that

Government's privatisation programme. It is being advised by La-

This is the second buyout fund to taken into account. be unvailed this week and is a fur- The Prudential Insurance Comther sign of the interest being pany of America is the biggest in-shown by financial institutions in vestor with a £25m stake. British

will be offered with the equity are

panies make up the rest. Investors will be offered the opportunity to back Schroder-sponsored management buyouts on their own account Schroder is looking for invest-ments of a minimum of £2m and is already negotiating to back the management buyout of a large British producer of consumer goods. Funding analysis, Page 10

Supermarket outlets for cars 'unlikely prospect' says report

BY JOHN GRIFFITHS

SALES OF new cars through supermarkets or hypermarkets in the same manner as white goods and other consumer durables remains an unlikely prospect, despite wide-spread speculation on the subject, according to an SRI International (formerly Stanford Research Insti-

(formerly Stanford Research Institute) consultant who is part of a
team investigating the future for
car dealerships in Europe.
The study has been commissioned jointly by most of Europe's
volume car producers, including
Ford, Flat, Volkswagen and

It seeks to assess the likely struc-ture of distribution and retailing for an industry which supplies some 10m European buyers a year with new vehicles having a total value estimated by SRI at £60m. Additionally, it estimates used car sales at £30-£40hn and sales and servicing worth a further £40m-£50m.

The sector's combined provide jobs for 440,000 in the UK and a probable 2m in Europe overall according to SRL Mr John Bailey, setend well into next year, a number competitive pressures.

of initial conclusions could be reached. Among them were that although numbers of car dealerships would fall and some restructuring would go on, non-specialised outlets were unlikely to feature significant

ly in future sales patterns. "Cars have become much more reliable," said Mr Bailey. "In the past, they have needed about 20: 100,000 kilometer period. That has been cut by half and by 1990 the average will have been halved again."

However, he was not convinced that cars would not continue to require fairly constant attention requiring specialist facilities.

This requirement could be ca-tered for by specialised service outlets, not necessarily connected with a manufacturer. Mr Bailey soid that despite indications from both car manufacturers and dealers that they saw no alternative to the existing franchised system "SRI has yet to be convinced of that."

He did not rule out change being nior consultant on the programme, introduced by manufacturers them-said that while the study would ex-

Receiver of aircraft company cuts staff

BY LYNTON MCLAIN

of London, were made redundant buyer for the business and assets as by the company's receiver yester-day. Edgley manufactures tha Opti-Mr Barlow said oo Monday that day. Edgley manufactures tha Optica observation aircraft which feathe Edgley factory had 46 aircraft in

Bill Fraser, its managing director, Production is to be reduced and were among those dismissed. Mr the receiver is expected to concentrate the producing aircraft to meet

edge of the Optica aircraft and shop floor precedures and the company is continuing to make aircraft. Mr

The receivers have had a oumber Barlow said.

We now know where we are go-ing and it remains my intention to and assets.

A TOTAL of 238 staff at Edgley Air-craft, Salisbury, about 80 miles west ny for the time being and to find a

tures a glass bubble cockpit for bet-various stages of manufacture, there were firm orders for 16 airthere were firm orders for 15 ar-Mr John Edgley, chairman and craft and potential orders for 100 founder of the company, and Mr more.

receivers from Cork Gulley said.
Only 51 people remain with the company. These are "core employees and management with knowl-

of positive inquiries from potential

BASE LENDING RATES

Bank of Ireland National Giro Bank ... 11
National Westeminster 114
Northern Bank Ltd ... 114
Northern Bank Ltd ... 114
Norwich Gen. Trust ... 114
People's Trust ... 124
PK Finans, Intl. (UK) 12
Proviocial Trust Ltd ... 124
R. Raphael & Sons ... 114
Roxburghe Guarantee ... 124
Rinyal Bank of Scotland 114
Rinyal Trust Co Canada 114
Charterhouse Japhet ... 114
Charterhouse Japhet ... 114
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THE GLENLIVET - DENIED BY THE KING

In the early 1800's, denying the existence of distilleries was o notional Scottish pastime. Oh, they were there, alright. But all strictly illegol. You see, savage taxes imposed by the Philistines of Westminster mode distilling the notional beverage

well nigh impossible. Tox evasion became the only hanourable course. The canny Highlonders took to the hills and the glens.

A whole industry flaurished. But it was completely underground. Excisemen, ar gaugers, marched North, with orders to stamp it out.

The Artful Dodgers.

But it proved o hopeless task. All measures to deter the distillers were met with ridicule.

Even o £5 reward for the discovery of o distilling pipe (or copper "worm") did nothing to halt the flow of whisky. In fact it was a boon for the whisky makers.

When a "worm" was worn aut, the distiller would miroculously "find" it, hond it over to the outhorities, claim his reward and promptly purchase o new one!

Such was the Highlanders' contempt for the low that it was not even considered o disgroce to be imprisoned for illicit distilling

Indeed, in Dingwall Gaol offenders were treoted in the mildest possible woy, even allowed out on Sundays ond special occasions ond "honourobly

returned." One' prisoner even · the governor approached with the

remorkoble proposition thot they set up o still together in the gool!

But out of this lowlessness come greotness. The illicit dram wos mognificent.

The Reverend Thomas Guthrie was o boy in 1818 ond he recolled that "everybody, with few exceptions, dronk whot was in reality illicit whisky - for superior to thot mode under the eye of the Excise — lords, lairds, members of Porliament and ministers of the gospel and everybody else"

And the finest drom of them oll was The Glenlivet.

The Sassenach Connection.

The Glenlivet distillery was storted by one John Gow Alias Smith.

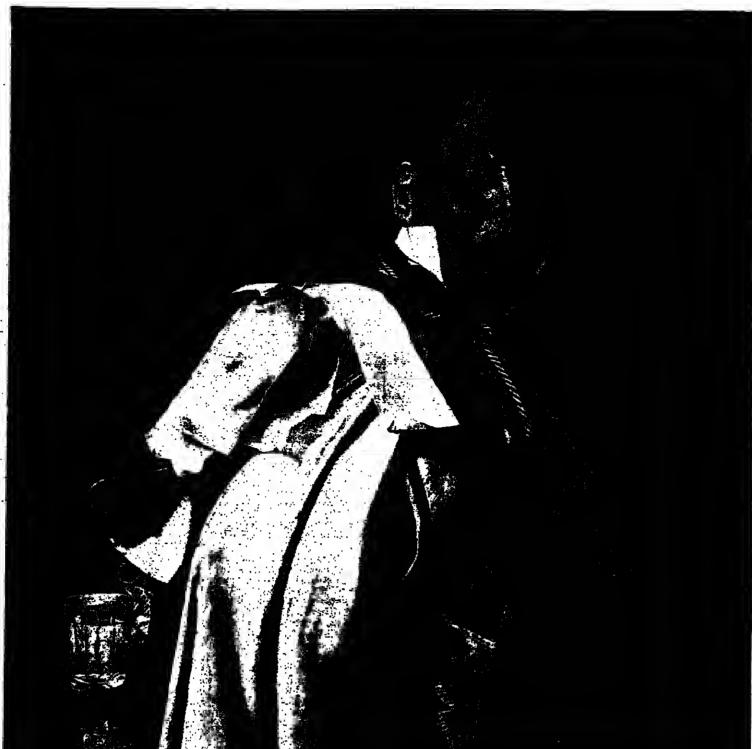
Bit of o mystery, John Gow. Indeed he had very little aption. Hoving fought and lost with

Bonnie Prince Charlie, he hod to flee with his fomily in 1746 to the remote glen of the river Livet.

And to baffle the English soldiers, he changed his name from the gaelic Gow to Smith.

This is why such o Sassenoch nome as Smith oppeors on the bottle of Scotland's most venerated whisky.

There in the glen John Smith, ex-Gow, settled in the precise spot where the water ond the peat were the best in all Scotland for making



cross. Lord Coryingham, the Chomberlain, was looking everywhere for the pure Glenlivet whisky: the King dronk nothing

My father sent word to me -Iwas the cellorer — to empty my pet bin, where whisky was long in the wood, mild as milk ond the true contraband goût in it."

Such a princely potion couldn't stoy illegal much longer. It was unthinkoble that the King shauld ever hove to deny that his greatest pleasure didn't actually

Luckily, back ot the House of Lords, commonsense was about to break out, under the influence of George Smith's londlord, the Duke of Richmond and Gordon.

In 1823, their Lordships passed on act which mode distilling a commercial proposition.

And the first mon to take out a licence was our own George

Ploin sailing from then on you'd think. Nothing of the sort.

The neighbours burning desire. Although George hod decided to go legal, his neighbours in the glen would hove none of it. They

regarded him as o traitor.

"The outlook was an ugly one," wrote George. "I was worned by my civil neighbours that they meant to burn the new distillery to the ground and me in the heort

Such threots in the wild remoteness of Glenlivet were not idle So for his protection, George

> was presented with o pair of hair trigger pistols, vorth ten auineas, o gift from his friend the Laird of

Elizabeth Grant, an MP's

daughter, wrote about it in her

malt whisky. This mysterious man hod stumbled upon a mysterious well. Josie's Well.

It's the woter from this well thot makes The Glenlivet mogical. We con't tell you why. There is no explanotion.

And there is no that performs the same mogic. By the time John Smith's

grondson George inherited the still in 1817, the fame of The Glenlivet

hod spreod far ond wide.

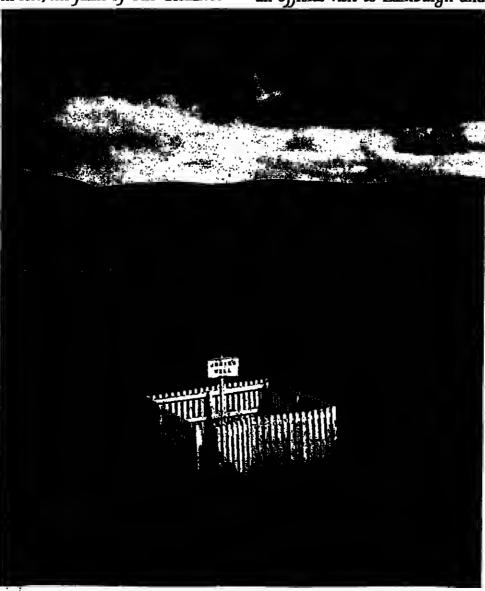
"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronon's Well, "and more cordial to the system 🕊 besides."

His Majesty's Pleasure.

The Glenlivet that George Smith mode even flowed in the corridors of power.

In 1822 King George IV paid an official visit to Edinburgh and

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On November 1, 1985, the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Said Bonds will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at the specified offices of the paying agents appointed as mentioned in the Conditions printed on the reverse of each bond. The coupons due on November 1, 1985, should be presented for payment in the usual manner.

| Company | Comp

CITIBANK, N.A., SINGAPORE

UK NEWS

Pit union receiver

By Raymond Hughes, Law Courts Correspondent

THE REFUSAL of the national offiers of the National Union of Mineworkers (NUM) to recognise the au-thority of the High Court-appointed receiver of the union's assets yesterday emerged as the main obsta-cle to the ending of the 10-month re-ceivership. Receivership arose out

Mr Arthur Scargill, the NUM president, Mr Mick McGahey, vice-president, and Mr Peter Heathfield,

yesterday. Mr Gavin Lightman, QC, for the barred from co-operating with the receiver, Mr Michael Arnold, of accountants Arthur Young, by a deci-

They were, however, willing to give all the information the receiver required from them to the union's new trustees who would co-operate

Mr Justice Mervyn Davies: "You know perfectly well the conference has no power to do that. There is not one law for Mr Scargill and another for the rest of the land."

The judge: "Conscience does not affect the matter. The law rules." a position in conscience."

The judge adjourned the union's bid to remove Mr Arnold until after its application on November 14 to end the over-riding sequestration order against it . . .

low that, if there is any alleviation of the sequestration, the receivership is discharged."

union officers were ready to sign documents facilitating the tidying up of problems resulting from the transfer of £8.5m of NUM tunds abroad, and that the new trustees, with the help of the national offimired by the receiver. .

More buyout funds line up behind management deals

THIS WEEK'S announcement of two management huyout funds by Citicorp and J. Henry Schroder Wagg makes available a minimum of £172m of equity to executives seeking independence from their

rinancial Prince Sacinster

corporate parents.

The total purchasing power they represent is many times greater and begs the question of whether the banks are expecting too much of this increasingly popular pheno-

Schroder, for instance, estimates that if the various kinds of loan finance to be offered alongside the equity were taken into account, its fund represents a total firenower of up to £250m. Citicorp claims on the same basis to speak for up to

The biggest source of funds for management buyouts will be the 1300m stand-by facility announced by Electra investment Trust and Candover investments in July. The Electra Candover scheme is expect-ed to have raised around £250m. when it closes for subscriptions shortly but, even so, that represents about £1bn after loan finance is in-

Those four institutional vehicles alone speak for at least £1.75bn - and that excludes the large sums made available for buyouts from 3i. and an estimated 40 smaller specialists in the field.

Can there really be that many potential management buyouts waiting to wriggle out of Britain's corporate woodwork? Dr Neil Cross, assistant general manager of 3i, tra-ditionally the leading institution in the field, is sceptical. "A lot of money is already available. The numbers that we have seen so far have not come near to that market potential," he says.

3i has invested £140m in some 500 management buyouts over the past five years and reckons to be involved in more than half the number that takes place in the UK. But the market is changing, Dr Cross admits. Typical deals in recent years have consisted of medium-sized family-owned companies sell-ing out to their own management or disposing of unwanted subsidiaries.

Buyouts are getting larger - each new deal seems to break a record and can even take place in response to a contested takeover hid. The first British example of such a deal cers, would provide information re- | was the £55.8m purchase of Haden. the engineering group, completed

William Dawkins looks at deals are getting larger - den of developing countries. Mr. 37 and even take place in leader, said yesterday, Nick Bunker response to a contested response to a contested takeover bid

rinancial Times Saturday October 19 1800

in June as a counter-attack to a bid from Trafalgar House.

That was the largest British buyout at the time, but has since been tophed by the 190m takeover of the Mallinson-Denny timber group and £173m buyout of Mardon Packaging. The figures refer to purchase prices rather than total funding.

Mr Charles Gonszor, a director of Citicorp Venture Capital, has no such doubts about the market's ability to swallow the huge sums being made available. British buy-outs might be running at an annual rate of El.5bn to £2bn within the next three years, he estimates.

"Awareness of this particular form of financing technique has grown considerably. We have seen

the first signs that the market is about to take off, he says.

Mr Gonszor and other buyout fund-raisers point to the U.S., where management takeovers have been occurring in numbers that would leave the British market gasping for breath: Only on Mon-day, Mr Edward Finkelstein, chairman of R. H. Macy & Co, the New York department store, announced that he was leading a \$3.6bm (£2.5bm) bid by the management for

the group.

Mr Roger Brooke, chief executive of Candover Investments, says: "If we follow the U.S. pattern, we should be utilising our funds in fairly short order. Our own guess is that we will be expanding Electra Candover in two to three years."

Even so, the spate of manage-ment buyout funds are taking a shot at a market that none of them can measure precisely. "The psy chology is ahead of the business, admits Mr Jon Moulton, managing partner at Schroder Ventures.

He points out that the existence of such funds will prompt British managers to think twice about their

"If it is believed that these things can be done, then more managers will say to themselves: "If the parent is going to sell our division, maybe we should buy it?"

Bill to change

insolvency law

A BILL on insolvency which sur-

day. It should receive royal assent next week and come into effect instages during 1986.
After more than 1,200 amend

now so confusing that they have lobbied for peers to reject it. The rejectionist camp yesterday

failed to win support from the Confederation of British Industry, Brit-ain's employers organisation, which has led opposition to many aspects of the Bill and is still con-

"There is no doubt that the law is

cerned over many clauses.

givings over its shortcomings."

"We regard the Bill as a lost op portunity in its present form," Mr Richard Thomas, the NCC's legal officier, said. "But we would still

like to see it on the statute book." The Bill's measures include licen-

sing insolvency practitioners to out-law inefficient liquidators and disqualifying directors found to be un-fit to manage a company.

By George Graham

Kinnock urges cut in Third World debt

A FUTURE Labour government management buyouts in would seek limits on interest takes Britain and finds that the as e way of reducing the debt bur-

Mr Kinnock told the London rally organised by leading British development agencies that Britain should back concerted international action to reduce debt obligations. write off large parts of the Third World debt, and easure the stability

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of commodity prices. The rally was held as part of a Fight World Poverty lobby of pariament, joined by an estimated 15,000 people, according to organisers.
Mr Kinnock said that e future La-

bour government would seek a "complete change" in the policies of the International Monetary Fund (IMF) towards Third World debtor

We have to work to secure the recheduling of debts and the extension of repayment periods. We have to gain agreement to the imposition of ceilings on interest rates, without which the wealth of the world will go into usury instead of into produc-

ion, he said.
"We have to fashion a system for the limiting of debt repayment to a given share of export earnings. We have to see that rich countries and institutions write off major parts of

the debts of the poorest countries."

Mr Kinnock said that in order to: aid developing nations and end unemployment in the developed world the IMF would have to return to its original function of "providing a stimulus and subsidy for

world trade. Mr Kinnock's speech fell short of calls made in a resolution passed at the recent Labour Party conference in Bournemouth which urged an immediate cancellation of all the foreign debt of developing nations.

However, Mr Kinnock promised that in the lifetime of the next Labour government Britain's overseas aid spending would be increased to 0.7 per cent of gross national product, the target figure recommended by the United Nations.

Earlier, Dr David Owen, leader of the Social Democratic Party, told the rally that a future Alliance government would also increase overseas aid to the UN target figure. ☐ GEC AVIONICS has won a £34m. contract from the Ministry of De-

fence for "night vision" equipment to be installed on Lymx helicopters of the Boyal Navy.

"This equipment, which will be developed and produced at the company's Electro-optical surveillance division, will enable the Lynx to carry faces final test out long range target detection and identification at night, and in condi-

give the Lynx a 24-hour surveillance capability. The system includes a thermalvived a rough passage through both Houses of Parliament faces its final imaging sensor sited in the nose of the helicopter; the image it pro-duces is displayed, like a high-quali-ty monochrome TV picture, in the helicopter's cockpit. reading in the House of Lords to-

□ THE REPORT yesterday of the rebuttal in the High Court by Mr ments, even insolvency specialists admit to bewilderment over its pro-visions. Some groups feel the Bill is Peter Cresswell, QC, counsel for Mr Michael Arnold, receiver of the Na-tional Union of Mineworkers, of a suggestion that he had invested union funds in South Africa omitted the fact that the money lodged with Standard Chartered Bank had been placed on deposit on the London money market. It was, therefore, misleading to say that the receiver had invested the funds in South Africa, Mr Cresswell told the court ☐ AT LEAST 34 Tory MPs, includout of step with modern-day com-mercial practice and needs," Sir Terence Beckett, the CBI's director general, said, "and we therefore welcome the Act, despite our mising one Cabinet minister and two former Cabinet ministers, have financial interests in companies operating in South Africa, Mr Gordon

Brown, a Labour MP claimed.

Mr Brown has called on all MPs The CBI is especially worried by to declare their financial interests the Bill's measures making direc-tors personally liable for their com-pany's debts if they are found guilty in South Africa before they speak or vote in today's House of Com-mons debate on economic sactions against that country.

UNIT-TBUST sales climbed to a of the new offence of wrongful

"Because of its lack of clarity, the record of £538m in September. cording to statistics from the Unit Trust Association. The figure was CBI believe this will penalise many honest and competent directors, while not providing any guarantee helped by the £96m unitisation of a Scottish investment trust, but even of preventing rogues slipping through the net." without that, previous sales records would have been exceeded: The Institute of Directors and the National Consumer Council, which joined forces with the CBI to present an unsuccessful joint amendment to this clause in the Commons, agree that the Bill must now go ahead.

New type of trust, Page 11 To the Holders of

Centrust Savings Bank (formerly Cen Brust Savings and Loan Association)

HQ.

In accordance with the provisions of the Notes, notice is hereby given that for the intensiperiod beginning October 22, 1985 and enting April 21, 1986 the Notes will carry act intensive rate of 8 9375% per amount. Intensi psychiatry 5100,000 principal amount for the intensity

By: Paribas Corpora Dated: October 17, 1985

INSURANCES OF CREDIT THE UK BRANCH OF LES ASSURANCES DU CREDIT S.A.



The Other Credit insurer . . .

01-680 1565

PARK HOUSE, 22 PARK STREET, CROYDON GRO DYH

told it must help

of the year-long miners' strike which ended in March this year.

general secretary, must say plainly that they would co-operate with the receiver and obey court orders be-fore the receivership would be ended, Mr Justice Mervyn Davies said

union, said the three officers were sion of the union's conference.

with Mr Arnold.

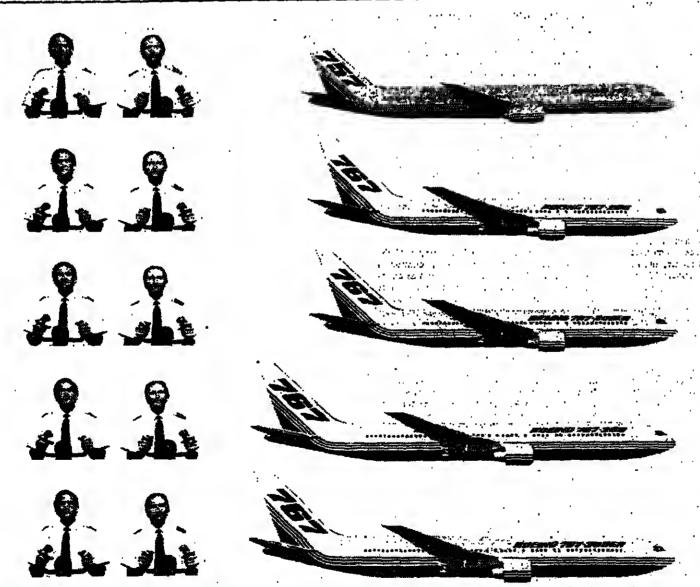
are telling me that the national conference desires these three men not to observe the law of the land? You Mr Lightman: "They are conscience bound."

Mr Lightman: "You may not like the position they maintain, but it is

He warned that "it does not fol-

The court had been told that

FLY THE LEADER



e crew flies then

one thing in common - the same flight deck crew can pilot every airplane. No special training required. No additional airline overhead. No crew

scheduling problems. A 757 crew can fly to one destination and

The Boeing new technology jetliners have make their return flight at the controls of the your flight deck officers to fly such advanced 767-200. Then the next day, take off on a 767-200ER flight of 5,900 miles that puts them on the other side of the world.

Think of the efficiencies. Think of the pleasure and pride it gives

technology jetliners.

With this kind of flexibility, your marketing people have a host of scheduling options as well. This is the Boeing family at its best - all designed to help airlines to be more profitable.

BOEING

Coal-fired engines for Polish ferry

By Andrew Fisher

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U.S. AND BRITISH companies have won a contract to build the first marine steam-powered piston engines to be fuelled by coal for more than 30 years.

The two engines will be installed on a \$46m (£32m) ferry to be built at the Kockums yard in Sweden for the Polish Baltic Steamship Company. The ship will start service on the Baltic early in 1987.

The engines will be built by Skinner Engine Company of the U.S. as part of a consortium which will provide all the engine-room equipment

Two UK concerns, Senior Green, a maker of boilers and automated coal combustion equipment, and Peter Brotherhood, a manufacturer of turbine sets, are also in the consortium, which will be co-ordinated by the Romac company, also UK-

The consortium is also talking with Kockums and another Polish shipping company about producing similar propulsion systems for up to 12 bulk carriers for the coal trade. The Skinner engine will be an up-

dated version of the traditional type of steam engine driven by pistons, as opposed to steam turbine engines, still being built but generally superseded by diesel engines. Skinner did not disclose the value

of the Polish contract. Mr Dennis Whiting, president of Skinner, said: The order comes on the heels of a great deal of research throughout the shipbuilding industry for a return of this dependable, efficient

Approval of new type of unit trust expected

THE DEPARTMENT of Trade and must management fees, however, may be duplicated; prove a new kind of unit trust the The managed fund may only buy managed portfolio fund. It will be permitted to invest in other unit trusts, a freedom not now allowed by the DTL

The first fund manager to take advantage of the approval is likely to be Barrington Management, a subsidiary of the London stockbroker Gri eveson, Grant & Co. Its Planned Investment Fund will be launched on Saturday.

The "fund of funds" fell into disrepute from its association with the Investors Overseas Services empire of Mr Bernis Cornfeld, which collapsed in 1970. The DTI has been anxious not to associate the new unit-trust vehicle with IOS, and has laid down safeguards against its

Among the restrictions are: A managed fund may only invest in a group's own unit trusts;

Only one managed fund per group will be tolerated;

No borrowing or hedging will be

● The management group must have at least four underlying unit trusts for the managed fund to

• Not more than 50 per cent of the managed fund may be invested in any one unit trust, although it may own up to 100 per cent of an under-

 Initial charges may be levied on the fund, but it must then be alternative for marine power after stripped out of the underlying years of oil dependence."

ests, its units must be liquidated. That is to prevent managers from using the managed fund as a buffer to support their specialist unit trusts' prices:

 No other authorised fund may invest in the managed fund; so there will be no "fund of funds of funds." Mr Graham Mann, head of Grieveson's private client department and a director of the Barrington

Planned Investment Fund, said the new unit trust was as dissimilar as possible from the experiences of the early 1970s with funds of funds. It offered an unparalleled spread of risk, he said.
The Barrington fund does not

take advantage of the ability to charge annual management fees twice. Investors will pay an annual charge only on the underlying unit That is currently 0.5 per cent for

all the eight Barrington specialist funds, although the group plans to raise that 0.75 per cent next year. Several other unit trust manage ment groups also have managed portfolio funds waiting for final ap-Many regard it as an unwieldy

vehicle likely to under-perform a general international unit trust. which can diversify its investments in the same way as a manager

Scottish shipyard hit by dispute

ROSYTH NAVY dockyard in Fife, astern Scotland, has been hit by

an industrial dispute designed to expose flaws in the Government's plans to allow work on warships to e carried out in privately-owned shipyards. More than 80 workers at the yard

were sent home on Monday and vesterday after blacking work oo yesternay and hazaring war to HMS Redpole, a 150-tonne coastal patrol vessel which arrived recently from a refit at the private sector Richards Shipyard in Lowestoft,

eastern England.
Others among the 6,000 workforce staged one hour protests to
support the blacking of the ship. appeared the dispute was Trade union officials see the pro-

test as part of their campaign against the Government's plans to bring in private contractors to run Devonport in 1987. Richards, part of the Tate and

yle Group, said yesterday that the Redpole had been given a clean bill of health by the Ministry of Defence after extensive refitting which included the removal of its Navy management at Bosyth al-

leged that among numerous defects requiring attention were four which could possibly be attributed to Richards. The ship requires new propellers, but this was not in the brief of the contract with Richards. The token stoppages have in-volved several ships in the Rosyth

His Excellency, Dr. Denis Worrall, South African Ambassador to the United Kingdom,

talks to Richard Rolfe, London-based international editor of Finance Week of

Co-operation in

Southern Africa

Rolle: Despite strained political relations, South Africa has many links with neighbouring countries throughout Southern Africa. What are the most im-

Worrall: I think there is a general position of in-

terdependence. Transport is most important, since

the South African system carries almost half the

combined total imports and exports of Malawi, Zim-

babwe, Zambia and Zaire — and incidentally SATS,

the South African Transport Services, runs 15 300

route miles of railways, which is a quarter of

Africa's total. In the case of Botswana, Lesotho and

Apart from this, SATS keeps our neighbours'

transport systems working. Last year almost 6 000

South African railway trucks were io use on the

tracks of these states on any one day. Just two

months ago, so 1'm told, we had loaned 35

locomotives to neighbouring states. Without these

links, many strategic commodities couldn't be

moved: for example, SATS handles half of

Zambia's copper exports. Mozambican locomotives

and trucks, aircraft of its national carrier, and its

fishing boats are also being repaired in South Africa.

with most of their electricity including Lesotho,

Swaziland and Botswans. It is interesting too that

Escom, South Africa's Electricity Supply Commis-

sion, also supplies Maputo, the Mozambican

capital. But because of reduced foreign capital

We have also participated in water and power pro-

ieets like Cahora Bassa in Mozambique, Cunene

Ruscana io Aogola and a feasability study of the

Highlands water project in Lesotho, and there are

other projects being looked into. The first two

projects have largely been rendered ineffective by

military conflict in these areas. All Lesotho's and

Swaziland's International telecommunications - and

some of Botswana's-are routed through South Africa.

There is ongoing co-operation in this field: Tele-

phone operators, for instance, have been trained in

South Africa provides considerable health and

South Africa's international telephone exchanges

veterinary services to Africa, particularly doses of

vaccine against tropical diseases. And we regularly

send out doses of animal disease vaccine to countries

like Zambia, Zimbabwe and Malawi and (through

agencies in Europe) to countries throughout Africa.

I might add that is is common for Blacks to com-

from other African countries to be treated in South

influx, Escom has had to increase its tariffs.

South Africa supplies several of its neighbours

Swaziland the percentage ocars 100%.

portaint of these?

Automated teller machine cards 'key to electronic retail banking'

cards, used by customers to with-draw money from banks' cash dispensers and service tills, are the passport to tomorrow's electronic retail banking, according to Mr Robert Barone, senior vice-president for sales and marketing for Diebold Incorporated.

Unless customers could be permitted to make the parameter of their

suaded to make more use of their cards - to raise utilisation from the present 35 per cent to 70 per cent or more, electronic funds transfer at the point of sale (EFTPOS) was doomed, he said.

. There were 550 shared ATM net-works in the U.S. but most were not achieving the 3,000 to 5,000 transactions a machine a month necessary

to show a profit.

By 1994, there would be 310,000

ATMs worldwide, he predicted, with many used for transactions such as buying bus and ski-lift tick-ets. The greatest growth in the U.S. was in the use of ATMs in "convenience stores," small grocery stores stocking staple foods. "If people use these stores for convenience foods, they will use them for financial services," he suggested.

Mr Barone, whose company is a leading ATM manufacturer, was speaking on the second day of the third Financial Times electronic financial services conference, which closed in London yesterday.

pointed chief executive officer for Swift, the banks' worldwide electronic messaging service, warned that Swift faced two competitive threats. They arose from computer bureaux setting up instruction delivery systems to compensate for falling revenues from their tradi-. management systems in Europe,

tional time-sharing business, and from the big banks themselves, many of which were establishing their own advanced telecommunications networks.

He repeated a suggestion he put forward at Swift's annual conference some weeks ago in Brighton, south-east England, that the organisation should be split in two: a cooperative society owned by all the mbers to operate the core messaging service, and a services com-pany established to market computerminals, software and new

banking services.
It would be owned and managed partly by Swift and partly by banks

wishing to use the products.

One of the most powerful new business techniques - the expert system, which uses artificial intelligence methods to give a computer the appearance of reasoning ability was described by Mr Alex d'Agapeyell, chairman of Exper-tech, a leading expert system com-

He gave a warning that no expert system would suddenly transfrom any particular bank function, but they were an aid to good management. Banking was rich in lightly shared know-how and so had a host

of potential applications.

These systems are do-able now, by any bank, be said. With reasonable care, the risks are minimal It is not absolutely necessary to

wait until others have reaped the available benefit." Mr Jack Large, controller, group automated projects for the Trustee Savings Bank group, said three main trends characterised the de-

velopment of cash and treasury

Corporate treasurers were insisting on cost-effective electronic financial services, the multinationals were finding it more cost-effective to develop their own systems rather than use those provided by their banks, and everybody was trying to make more effective use of data

He expected hardware, software and bank charges for those services to fall dramatically over the next decade. This will highlight how ex-

FINANCIAL TIMES ELECTRONIC **FINANCIAL** SERVICES

pensive and time-consuming many of the current manual operations are," he said.

Mr Michael Bryant, treasurer for Hertz Europe, based in London, described how one multinational had developed its own cash managemeot system.

Originally the company operated a complex cash flow system io Europe that Mr Bryant described as a "spaghetti;" cash flow plus currency archase added up to El 8m a year. It substituted an in-bouse bank (Hertz Europe), installed its own electronic cash management and cut cash flow by 50 per cent and currency purchase by 15 per cent. Make sure your system works

for you and not vice versa, and do not become obsessed with technology for its own sake," he warned. Dr Kenneth Wong, manager of sooner rather than later."

the security and privacy division at BIS Applied Systems, told the cooference there was as much risk of disruption of services as loss of funds through the activities of "hackers" - people who try to break into computer and data communications systems.

"The former may be much easier to accomplish than the latter and the damage more wide-ranging to banking customers in lost confidence in electronic banking."

Mr Jonathan Butterfield, head of Electronic Banking International for Chemical Bank in London, said home banking proved immediately of greater interest to the small business market than to the retail coosumer. Chemical Bank was a pioover to home banking with its Prooto system. Our roll-out of Pronto in 1984

evoked considerably more interest from the small-business community n greater New York than from the

Home banking was still in its in-fancy, but successful entrants of-fered focused services - a mixture of information and transaction cap ability that specialised market seg-ments would pay for.

Mr Gordon Reeve, general man-ager of National Westminster Bank's management services divi-sion, rejected the idea that bank branches would become redundant. They would change and take advantage of new technology. It was no longer a luxury for the fortunate few, it was a necessity that had to be afforded by all. "I do not see the electronic branch as an ideal. I see it as a necessity which will arrive

Restructuring urged for accountancy body

BY BARRY RILEY

RESTRUCTURING of the Institute the institute, yesterday welcomed of Chartered Accountants in Enthropy the recommendations and invited accountancy body, has been pro- end of this year.

of the Institute's council, reducing sent members occupational inter- the number of meetings and allowests and faculties to act as focal ing its debates to concentrate on

gland and Wales, Britain's largest members to put their views by the

points for technical interests.

Mr Brian Jenkins, president of issues.

DU PONT OVERSEAS CAPITAL N.V.

141/2% Guaranteed Notes Due December 1, 1988

NOTICE IS HEBERY GIVEN Inal, pursuant to the provisions of Peragraph 4(c) of the Fucal Agency Agreement dated as of December 1, 1981, among Du Pont Overseas Capital N V. (the "Company"). E1, dip Pont de Nemours and Company, as Guarantor, and BankAmerica Securities Services Company of New York (A Limited Purpose Trust Company) now known as BankAmerica Trust Company of New York, as Pacal Agent and Psying Agent, all pil the Company's 14, % Guaranted Notes due December 1, 1986 (the "Notes") treat are presently outstanding under the Facal Agency Agreement will be redeemed on December 1, 1986 (the "redemption date") at a redemption price of 1900; % of the principal amount thereof, plus accrued inferest to the redemption date, pursuant to Paragraph 5(b) of the Terms and Conditions of the Notes.

outstanding. On the redemption date the redemption price will become and be due end payable upon each Note in auch coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein. Interest on the Notes will cease to accrue on and after the redemption tate. Payment of the redemption price will be make on and after Monday, December 2, 1985 in accordance with Paragraph 13 of the Total and Conditions of the Notes, upon presentation and aurrender of the Notes, together with all appurtenant coupons, maturing subsequent to December 1, 1985, at any of the following nation and payments.

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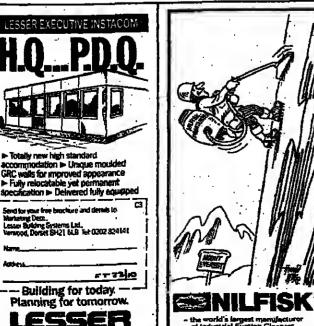
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BUILDING SYSTEMS



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SOUTH AFRICA'S LEADING ROLE IN **SOUTHERN AFRICAN ECONOMIES**

African hospitals at minimal expense.

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Sugar care produced Cettle stock Sheep flock	
Cettle stock	
Sheep flock	
Motor vehicles	
Tarred roads	٠.
Railways and harbours	
Telephones installed	•

Rolle: What about trade?

Worrsil: South Africa's private sector is a substantial creditor in sub-Saharan Africa. The cumulative total of long-term credit guarantees by South Africa to African countries exceeds £100m (much more in sterling terms prior to the recent drop in the randsterling exchange rate), the bulk of which was outstanding on 1 September, 1985.

South Africa and the rest of Africa eojoy a vigorous trading partnership. Io 1983 South African exports to Africa were RI 500m (£430m) while imports were R400m (£114m).

One of the reasons for this is that unlike many items imported from elsewhere, South African goods and techniques are more adapted to African

Rolle: Why is it that the links lend to be one-way le with South Africa supplying and its neighbours acquiring?

Worrall: Because of the size and strength of the South African economy vis-à-vis other countries in the region and the fact that Sooth Africa as an independent country could develop faster than those still under colonial rule until quite recently. If South Africa speezes, Southern Africa catches a cold. Just about all the economic statistics testify to South Africa's dominance in the regional context.

Bear in mind that South Africa and what we call the TBVC (Transkei, Bophuthatswana, Venda, Ciskei} countries have a population of 30 million, as against 10 other South African countries with almost 80 million inhabitants. One can see from this to what extent the South Africao economy is the core, the axis, the base of economic activity in the region.

Rolle: On the one hand South Africa co-operates with its neighbours, but it also pursues military objectives against their. Doesn't this inconsistency fisturb the South African government?

Worrsil: Of course it disturbs the South African government and very deeply, I may add, to have to undertake military actions in neighbouring countries. As such, these operations (and there have only been a few) are not directed against those countries or their governments as part of an overall military objective, but are in fact only pre-emptive strikes aimed at well identified terrorist groups using these countries as launching pads for guerrilla attacks on urban targets in the RSA. We think the inconsistency is to be found rather on the part of those who, while benefiting from South Africa's co-operation. as I have described, nevertheless offer hospitality to groups intent on attacking her. A case in point is Morambioue. South Africa was prepared to sign the Nkomati Accord and thereby establish a modus

The state of the s

Company of the Compan

vivendi with a Marxist state. I should add in this context that South Africa has repeatedly offered to ign non-aggression pacts with all her neighbours.

Rolfe: The debt standstill has daneaged South Africa's ability to borrow abroad. What impact will this have on the domestic and regional economy?

Worralt: The answer is not a simple one. On the one hand South Africa's ability to horrow ebroad is a significant factor in its economic activity: but it is oot a sine qua non. Nevertheless, if South Africaand the Southern African region as a whole - is to develop its infrastructure satisfactorily, horrowing

The current setback inevitably means that growth in the region is likely to be slower than would otherwise have been the case. Not only that, but funds which would have been allocated to education, health services, housing and other essential services that cry out for every available rand, will now regrettably have to be cut back, since infrastructural development will have to be met from local funds.

Rolle: What are the likely costs of the proposed shoultion of ioffux control?

Worrall: It is not yet clear what the new urbanisation policy will be, but what is certain is that the need for urban services, housing and so on will obviously expand formidahly. Official policy already accepts site-and-service schemes and encourages self-help types of informal economic activity. Hopefully this will enable the necessary facilities to be developed without straiging our balance of payments too much or requiring large injections of foreign capital. The private sector has on the other hand a significant role to play in this regard.

Rolfe: Despite unrest and other internal problems, migrant labour still comes lato South Africa. Where does it come from and what effect does it have on neighbouring conotries?

Worrall: Including illegal immigrants, South Africa provides employment for about 1,5m foreigners from our oeighbouring states, excluding the TBVC countries. About half of their cumulative income carned in South Africa is sent home and is enough to make up a large proportion of the GNP of Swaziland, Botswana and Mozambique, It usually accounts for over 50% of Lesotho's GNP, for instance. Put another way, for every Lesotho citizen working in his own country, six are employed in

Roife: Does South Africa export food to oeighbouring countries?

Worrall: Except in times of exceptional drought. South Africa is one of the few food exporting coun tries in the world. In both 1980 and 1981, food exports to Africa amounted to over R1 000m (about £300m); the worst drought for decades subsequent ly affected this figure but has now largely broken and food exports should return to their previous levels. South Africa has for decades provided emergency grants of food aid to its oeighbours. In 1965, for instance, South Africa donated 100 000 bags of maize and sorghum to Lesotho, then suffering a severe winter drought. In the present financial year 225 ions of milk powder, 150 tons of potatoes and a few hundred cases of eggs are being made available to countries io Southern Africa.

Rolfe: What is the purpose of baving a Customs Union la the region?

SOUTH AFRICAN EMBASSY Trafalgar Square



His Excellency, Dr Denis Worrall

Worrell: It provides for a common internal tariff and makes possible the free interchange of goods hetween the member states, which in turn assists in the continued economic development of the area as a whole and the economic diversification of the less advanced members. It also means that all parties can share equitably in the benefits arising from reciprocal trade. The frequent meetings of the governments concerned also assist in building up a constructive relationship.

The Customs Union is a very significant source of income for the smaller countries, representing 32% (Botswana), 37% (Lesotho) and 61% (Swaziland) of their total revenue in the 1982/3 financial year.

Rofte: Does South Africa supply any aid to its

Worrall: Yes, but I would not like to specify the countries. We have much to contribute in the areas where we have special knowledge of African conditions, built up over many decades - agriculture, mining and health. Aod, of course, in the field of rail and air transport.

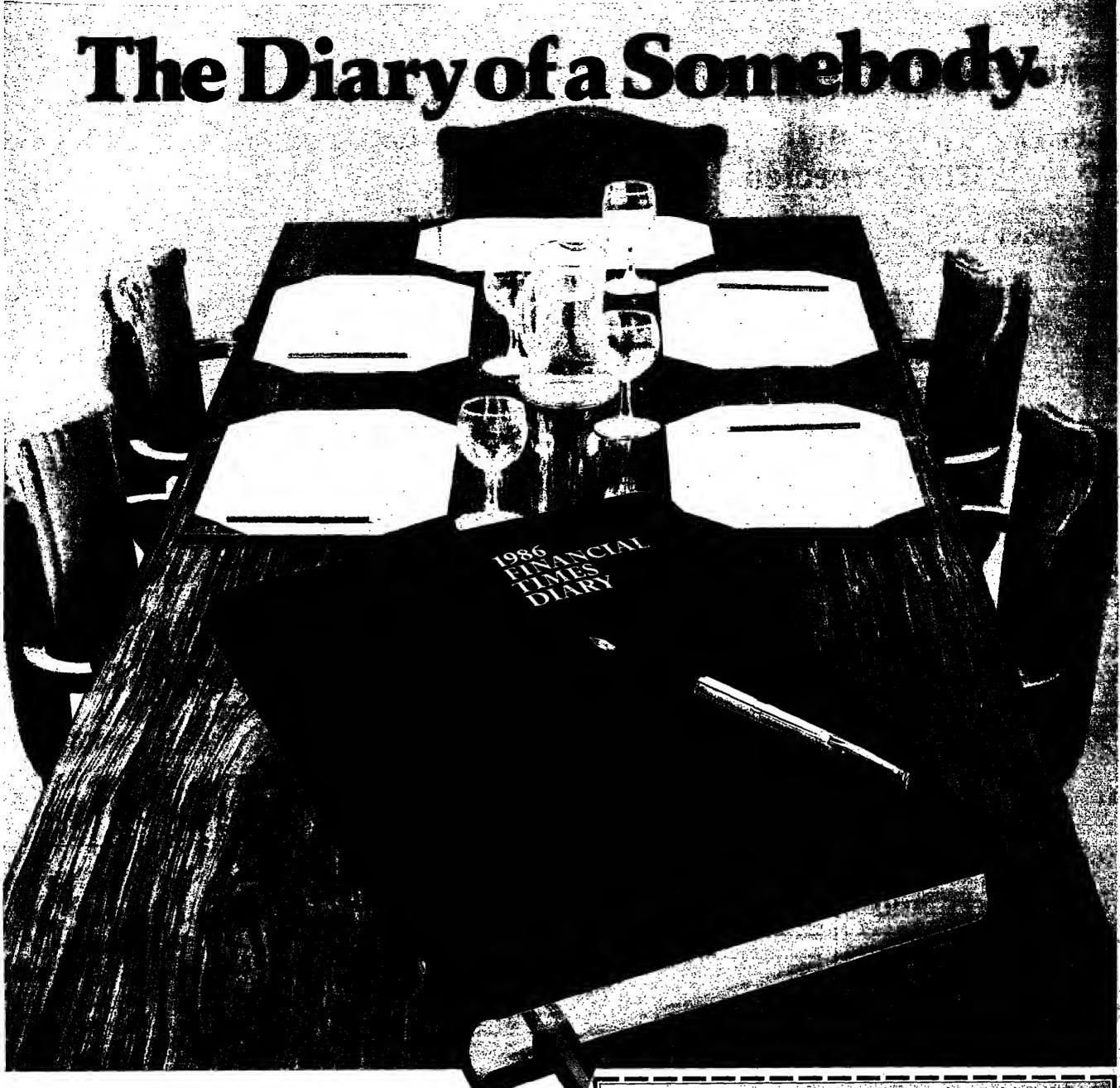
Roffe: And to other African countries?

Worrall: Withio its own financial limitations, South Africa is ready and willing to help other African states. Our main contribution is to the TBVC states and our other direct neighbours, but South Africa also offers assistance to other countries in Africa. After all, South Africa has the advantage of beiog on the spot. It has the indigenous expertise and technology for African conditions. It is also in South Africa's enlightened self-interest to have prosperous, developing neighbours, so we are more keenly motivated than most in this regard.

Rolle: Summing up, what have been the trends io regional relations - warts and all? Does your government think they have been improving or worsening?

Worrall: Despite some animosity and sporadic serhacks, relations on the ground are ongoing end, we believe, steadily improving due to an increased realism on the part of all concerned. The changing scene in South Africa shows that new realisms are breaking through there, ton. The couotries of the region are very much awere of the positive changes that are taking place in South Africa.

There is still going to be plenty of trial and travail but hopefully a Southern Africa where all can huild a secure future will not elude us.



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MANAGEMENT

ALAN SUGAR sits at an ordinary desk in the middle of a busy open plan office on the top floor of o small grey block in suburban Brentwood in Essex. Aged 39 and worth over £60m on paper he is an unpre-tentious and blunt London East Ender who affects surprise that other people are surprised at how well his company is doing. The fact is, until recently, Amstrad was a bit of a joke, A Amstrau was a mt or a joke, A amail British company that sold audio products cheaper than those from the Far East, dobbled in crazes like CB radio and then entered the home computer business just as the mor-ket went sour was clearly not

ket went sour was clearly not going to be around for long.

But anyone who thought that was wrong. The proof came earlier this month when Amstrad surprised the forecasters with £20m pre-tax profits (up 121 per cent) on a turnover of £136m (up 60 per cent). A large part of that success came from homa computers in just the same period as betterknown names like Sinclair Research and Acorn were gelting into severe financial difficulties.

Amstrad has two notable strengths. One is tha woy in which it puts together and markets very low cost products such as its recently launched word processor complete with printer for £459 including VAT. The other is the speed with which it gets itself out of prob-lematical markets like colour television, video and of course CB radio.

Amstrad products are always aimed at the mass market, are usually very basic with no frills and are remarkably cheap. Sugar's favourite description of

bis typical customer is "the lorry driver and his wife."

"Amstrad's key strength is Alan Sugor's ability to identify a price-point at which a volume of product can be shifted. The company then aims for that price point in the whola design of the product, by working backwards and allocating tho margins," says Robert Miller-Bakewell, analyst at stock-

brokers Wood Mockenzie. "We take our leaf out of the Japanese book. Only we do what they do quicker," says Sugar, founder, major shareholder and chief executive. They are good at identifying the markets, studying the did not want to bother—with the trouble of assembling a "exercise"." how they can make them better

last month—and showing early signs that it will be a considerable success—is Amstrad's first departure from the stratch

Amstrad

Fast on its feet

Jason Crisp explains how the UK electronics group has avoided the fluctuations of the market and achieved rapid growth



Alan Sugar: high hopes of his word processor and printer for £459

processor are both assembled by the subsidiary of o Japanese

company in Korea
Amstrad also subcontracts a

something."

Amstrad has shown it can

make mistakes but get oot of trouble with little apparent

difficulty. CB Radio was ope business which Amstrad entered with enthusiasm. But

the day CB Radio was legalised Sugar decided—correctly—that the widely-beld projections for

it will also sell to homes.

Liko Amstrad bome computers the attraction of the

new word processor is not just that it is very cheop but that it is sold as a complete unit which only needs a plug.

When Amstrad first moved into the home market in Summer 1984 rivals typically sold just the computer with some software and a heavy emphasis on technology and emphasis on technology and power. But in order to make them work you had to buy and assemble all the peripherals like screen, cables, and cassette or disc drive. Amstrad entered the market

with a computer that came complete with all those neces-sary peripherals. There was nothing stunning about the technology but it was an im-

Similarly, the new word processor is a personal computer word processing program. No to sell tinted plastic covers for other company offers a serious record players, the company is departure from the straight product at such a low price nor still very closely run by him consumer market but bears sells as a complete assembled and greatly devends on his lumany of the company's hall-package specthing which is stinctive entrepreneurial and marks. Amstrad expects it will attractive to the non-expert be mainly bought by-business buyer—although extra blank little middla management and the self-employed although discs must be purchased before most of the decisions seem to colour televisions and video Amstrad now.

be made by Sugar—although he product very simple," says Alan Sugar. "It comes in ouc box, with one power cord. You plug it in and it works."

be made by Sugar—although he accepts this will have to change as the company grows.

The fourth reason for Amstrad's low costs is its willing-

The packaging of the product is not just a good myrketing ploy, it is also an important key to Amstrad's pricing and applies equally to the outlo equipment, the bome computers and the word processor. By linking all the constituent parts Amstrad components from boxes to microchlps.

Obscure

Costs are cut further by keeping the product as basic as possible and not offering extra facilities, which Sugar believes very few people need or would use. On the computer side ha is particularly contemptuous of reviewers who seem more interested in obscure functions than in the basics of the

The third element which enables Amstrad to keep its costs low is its small company struc-ture. Founded in 1968 by Sugar

claims that it grabbed 12 per cent of the market for 14 in. portable colour TVs with a keenly priced product. Last year it virtually withdrew from the But the withdrawal from

cotour TVs was a more painful process than had been the case with CB Radio as the company had started making lorger models at a new factory in Shoeburyness. Some redundancies were involved.

The company's determination ne company's determination not to stay in a husiness where it cannot make money was spelt out by Sugar in a recent sonual report: "It may seem surprising that ona year we are selling large quantities of VCRs and the next we sell none. Quite frankly, when there is no margin in a product we is no margin in a product we see no reason to endanger our cash flow simply to impress the compilers of market share statisties."

Yet early next year Amstrad is likely to reenter the VCR market. In addition it is planmarket, in addition it is plan-ning to launch a complete compact disc in a rack system which includes omplifier, speakers, and radio costing £299. "That business needs on Amstrad to get it going," says the irrepressible Sugar. Compact discs have at last begun to take off in the UK where sales in 1985 are expected to top 100,000 units. Next year Amstrod is planning to produce 15,000 a month at its factory rising to 25,000 by the antumn. The reason Amstrad will manufocture the CD equipment

the journ reason for Amstrad's low costs is its willingness to sub-contract work wherever possiblo. The most obvious and most important is manufacturing, which is largely done in the Far East. The home computers and the new word tracesors are both accomplied. is because in this particular case it is more economic to do case it is more economic to do so-mainly because of a high EEC tariff on imports. However, manufacturing does not greatly oppeal to Sngar unless, it is necessary. "We'll be manufacturing today ond importing tomorrow. Basically we are an loternational trading company," he says. he says.

number of other activities such as distribution. It does not want the overhead of a fleet of Amstrad is now reaching a size where it is going to have to change. It will be harder for lorries during the quiet summer period.
The level of subcoetracting Alan Sugor to make as many decisions and it will have to adopt a more long term view on its products If it is to sell to bas also belped Amstrad maintain its reputation for being fleet-footed. Indeed Sugar values this highly: "It is better to accept a lower margin but have the flexibility to get out of something." business. A recent substantial growth in export markets—particularly France and West Germany—will also test the company's limited managerial

depth.
While analysts are quick to praise Sugar's entrepreneurial succesces they note that the company bas been dependent op two raiber difficult markets. Demand for very choop audio pro-ducts looks flat and the bome computer market is an exceptionally volatile business. However with sales of the word processor alone looking set to match its total turnover for last Chief executives

The way they see the job

BY TERRY DODSWORTH

IT IS not often that chief are-sometimes boring, pom-IT IS not often that chief executives appeal to higher moral values or quote a poel in discussing the way they see their jobs. But in a new study published by the New Yorkhosed Conference Board, readers are regaled with a number of such glimpses of the inner workings of soma of the men whose corporations creote the wealth of the western

the wealth of the western industrialised world. The moral observations come

from Thornton Bradshaw, chalrman of the U.S. RCA electronics, communications and entertainment group and a man who has won considerable esteem in the U.S. for shaking out a rambling conglomerate and imposing a clear structure upon lt.

Asked how his leadership manifests liself, he says that one of the methods is to be a person who can be followed with enthusiasm "because he is a moral man in the sense that they recognise morality. The tone that he is setting for them is one they're not ashamed of.
They can say, 'that's the woy I
wont to live.'"
The quotation from the poet
Robert Bridges is contained in
an interview with Sir Trevor

Holdsworth, chairman of the UK engineering group, Gnest Keen and Nettlefolds, who says that the Idea thot "true wisdom lies in the masterful administration of the unforegon" encountered to the fooling. seen," encapsulates his feelings about leadership.

Each of these extracts gives o flavour of the study, a hefty. 94-page booklet by Harold Stieglitz, which has the virtue of showing chief executives warts and all. One of the strengths of Stieglitz's opproach is that he extens to his is that he quotes several chief executives of length, so that they are revealed just as they

Two things stand out in the

report. First these captains of industry seem to spend a greet deal of time thinking about how they should go about their jobs.
When executives eventually reach the top, they find themselves in a very lonely place, where there ore not necessarily o lot of guidelines of the sort they have hod lower down in the organisation Indeed, many say that the job is so trotated thot being on the boards of other companies is the hest onthe job training they can find.

Second, there is no single, ideal way of becoming a successful chief executive. The individuals interviewed by Stieglitz span the full kaleidoscope of managerial types—from those who clearly meddle in everything, to those who delegate well, others who are full of subtley and some who failure emphosis on the power charge of their fixed objectives of the top man and insistence like o hull.

Sir David Orr, for example, former chairman of Unilever, the Anglo-Dutch food and detergenls group, and present chair-man of Incheape, the UK-hased imernotional trading group, says that "we are all selfish; we are all egotistical and we all want to be seen to have done a

staying on too long, soys thot he is very frightened of being taken over by power. 'I don't know too many people who, in my view, hove been improved by power. I have some personal pride. I try to be the sort of

guy that I would be prepared pous and verbose, but frequently to live with, I just don't want provocative, thoughtful and to be corrupted." (Harvyyoriginal.

Jones, by the way, insists that he will retire at the end of his five-year teoure.)

From this panoxama of views, collected from executives all over the U.S. and Europe. Stieglitz has distilled some general observations,

Chief executives, he says, are todoy becoming increasingly de-pendent on teams of strong, front-line managers with whom they share top decisions. They are better educated than a generation ago, have a stronger background in business train-ing and are arriving at the lop

earlier than in the past.

Traditions in the U.S. and western Europe are also converging, occording to many executives, mainty because of the growing internationalisation of husiness practice. Even so, the buccaneering methods of U.S. hig husiness, with its rapid swings between success and ke o hull, on performance, still leaves Many of them are very direct, mony Europeans gasping.

But it is on this that the British, who, whatever else one might say against them, still have a nice line in wry humour, have the last word, in discussing the much-criticised U.S. emphosis on short-term performance, one UK executive observed: "In the States, if good job and left our mork on the company."

John Horvey-Jones, chairman of ICI, the UK chemicals group, in a typically direct observation on the dangers of the conformation on the dangers of the conformation of the long control of the long contr

The Conference Board, 207 Arenue Louise Bte 5, B-1050 Brussels, Belgium (Tel 02 64) 6240), or The Conference Board Inc. 845 Third Arenue, New York, NY 10022 (Tel 212 759 0900).

Business

courses

Evaluating marketing equipment leases, Cambridge, November 11-13, Fee: £450 + VAT. Details from Vic Lock. Hawkins Publishers, 2 Church Street, Coggeshall. Essex CO6 1TU. Tel: 0376 62262. Telex: 987913 Hawkin G.

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International Business Com-munications, Bath House, 56 Holborn Viaduct, London ECIA 2EX Tel: 01-236 4080. Tclex;

Space: commercial benefits for Industries worldwide, London. November 18-19. Fee: £529. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX, Tel: 01-621 1355, Telex: 27347 FTCONF G.

4. Fee: £95. Detalls from Professor C. A. Voss, School of Industrial and Business Studies, University of Warwick. Coventry CV4 7AL. Tel: 0203 24011523523 after November 4.

International transfer pricing for multinationals. London. December 3, Fee: ESC members £141.45; non-members £166.75. Details from European Sludy Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Lelcestershire LE15 9PY, Tel: 0572-822711. Telex:

TECHNOLOGY

Computers and chemistry combine

CHEMICAL companies around the world are turning to a new generation of computer graphics techniques to speed up the design of drugs, catalysts and other materials such as film emulsions. Techniques like these mean

chemists can visualise on a chemists can visualise on a screen the shape of complex molecules they think might solve particular problems like, for instance, the search for o drug which will attach itself to a particular group of body cells the way a key fits a lock. At a touch of buttons on a keyboard, tha scientists can work our such characteristics of molecules on their size or molecules os their size or electron density, factors that can influence whether a chemical will prove useful. The techniques have been in-troduced to routine laboratory work only in the past years or

so, particularly in the pharma-ceutical industry. Already, chemists claim that the com-puter methods give companies a better chance of designing o promising drug early on in re-search, cutting out weeks of tiresome laboratory work. The computer methods are,

and computer methods are, say chamists, unlikely to reduca the time it takes to hring drugs to the market place, because once a promising material bas been designed, it still has to be made in the laboratory, which may not be assy

may not be easy.

Besides, much of the 10 years or so between designing a drug and seiling it is spent scaling up laboratory synthesis and conducting clinical trials—areas where which even the most advanced computer methods can delited to help.

do little to help.

But computer grophics may help drug companies develop in a given time more chemicals

Computer graphics techniques are speeding up the quest for new chemical compounds by saving weeks of laboratory work, reports

areas, which do not involve lengthy trials nn people, the techniques may have a bigger effect in bringing products more quickly to the market place.

In the U.S., for instance, scientists at Kodak's research laboratories in Rochester, New York, use the techniques to design new dyes for silverhalide photographic films. FBC, a UK agrochemicals concern owned by Schering of West Germany, is working with the design methods on new pesticides.

methods on new pesticides.

In the pharmaceuticals field, several companies are either developing or testing drugs which owe their creation at least in some degree to computer design. They include G. D. Searle (anti-arthritis products); Merck, Sharp and Dohmo (anti-hypertension drugs); SRI International (pain-killers); Syntex (heart-treatment); and Smith-Kline and Beckman (drugs to treot allergies). treot allergies).

The design techniques require Ine design techniques require large, expensive computers, for instance machines like DEC's VAX, which costs about £80,000. Providing the software for the design methods is a specialised business.

Peter Marsh

sell. In non-pharmaceutical software, most of the pharma-areas, which do not involve ceutical industry relies on proceutical industry relies on pro-grams supplied by three com-panies: Molecular Design of San Leandro, California (which sells a program called Chemlab); Tri-pos of St Louis (which sells Sybyl): and Chomical Design of Oxford, England. Two small Californian enterprises, Bio-design and Biosym, havo also started selling modelling pro-grams recently. grams recently.

Chemical Design, formed two years ago by Mr Keith Davies, an ex-chemistry student at Oxford University, has annual sales of fim. of which software accounts for 70 per cent. The rest comes from computer hard-ware which the company sells on behalf of manufacturers (see

story on this page). The Oxford company claims to have 60 per cent of the world market for computer modelling programs. It has sold 140 copies corregams. It has sold 140 copies (ot roughly £15,000 each) of its ChemGraf software to companies which include not only most of the world's pharmaceutical enterprises but nondrugs concerns such as Proctor and Gamble, Kodak, Sohio, Shell Evere and BASE

its own software modelling program called Tribble in in fovour of the Oxford tech-

nique.

Dr Jeffrey Blaney, a computer modelling specialist at the U.S. company's experimental station in Wilmington, Delaware, says that with conventional routines, chemists may need to synthesise 10,000 compounds to find just one that will eventually so on sale.

eventually go on sale. Under established methods, a worker uses little more than instinct, backed up by trial and error, to turn out substances which he shinks may have desirable properties. A single worker may spend a year synthesising 100 chemicals which all turn out later to be properties. with the computer tech-

With the computer techniques, the scientist is better placed to predict whether a chemical will have a porticular property. "The computer is shortening the odds in our favour," says Dr Blaney.

One obvious design alternative is to use the decades-old approach of building a physical model with pieces of plastic. But many of the molecules under investigation may involve under investigation may involve long and complex three-dimen-sional chains of carbon, nitrogen and bydrogen atoms which are virtually impossible to repre-sent physically

sent physically.

According to Dr John
McKelby, senior research chemist at Kodak's Rochester laboratories, a chemist armed with o computer can accomplish in an hour a design task that with conventional plastic modelling (if it could be done at all I would take a week D McKelby a given time more chemicals from which they can make a better selection for a product to be their own better selection for a product to be their own better selection for a product to be their own better selection for a product to be their own better selection for a product to be their own better selection for a product to be their own better selection for a product to be their own better selection for a product to business.

Shell, Exton and BASF.

Chemical Design's biggest remove "up to 90 per cent of the 1850mr in the design process."



Graduating to a family business

rec'uled director of Chemi-cal Design, became intrigned by chemical modelling in his days as an undergaduate at Oxford University in the late

leading U.S. establishment in this technology.

his home. It took on its first offices on the on(skirts of Oxford.

ex-chemistry students. The enterprise's main product is ChemGraf, a software pack-oge for modelling molecules. The program is based on Mr Davies' original work as an

of Mr Davies' tima on nverage since 1980—to bring it to the point where it could be sold to chemical companies.

Chemical Design's staff has an average age of 25. Manag-ing director is Mr Davies' sister. Mary Davies (another oxford chemistry graduate) who is 24 and joined the company full time earlier this year. Their parents, who used to run a small farm in Wales, inspired them to set up in business.

Keith Davies owns 86 per eent of the company and his sisted 10 per cent. Mr Davies says he has contributed a "few thousand pounds" of his own money to the con-cern. He has not needed any source of venture capital and relles for overheads and purchases of computers and related software on revenue from sales and an overdraft facility of np to £50,000 from the National Westminster

Half Chemical Design's sales are in the U.S. where Mr Davies has a full-time re-presentative in New York.

Due to the highly technical
nature of the company's pro-ducts—and the tightly knit

try-Chemical Design has not thad to do much marketing.
"People are coming to us at the moment," says Mr Davies,
"we are selling mainly by word of mouth."

Besides selling ChemGraf

md other programs of its own design such as ChemGnido and ChemMovie, the Oxford company acts as agent for company acts as agent for Sigmex, a company in Horsham, Sussex, which makes the high resolution display screens needed for modelling work. It sells a design package, which includes software, a terminal and a DEC Microvax-II compoter, for about \$60,000.

Mr. Dayles realises that the

Mr Davies realises that the market for selling software to the chemicals industry might become saturated after a while. He would like to move into other areas to do with computer graphics, but exactly which he is not say-

one idea, no more than musing at the moment, is to develop a tool to belp bome huyers. "Imagine," says Mr Davies, "that when you are buying your house you could so into an estate agent and go into an estate agent and, even before the house is hull, visualise what you want on a display screen."

EDITED BY ALAN CANE | ENGINEERING COMPUTER Tel: Lichfield 05432 58751/8

Filter aims to eliminate radiation

A BRITISH company called Ultraguard has developed what it claims is the clip-on filter which can cut out all harmful forms of radiation from VDUs and personal computer screens, as well as improving contrast and reducing glare.

The product comes at a time of continuing debate about whether such screens pose n health hazard, and the company says its new filter has been fully tested by the National Radiological Protection Board and the UK Atomic Energy Anthority. They found, respectively, that the filter cuts out 99 per cent of ultraviolet radiation and 70 per cent of X-rays. per cent of X-rays.

The basic Ultraguard filter The basic Ultraguard filter costs £97, but to cut out more X-rays, the company developed an X10 model which further NRPB tests showed cot ont 99 per cent of such radiation and reduces very low frequency electromagnetic radiation.

Instead of being made of the mically coated plastic the

ehemically coated plastic, the Ultraguard screen filters are made of an anti-radiation membrane sandwiched between two layers of scratch and shatter-proof glass, More on 01-226 1852.

Sling for lifting awkward loads

Cargo Equipment of Bridgend, Wales, is selling a lifting sling for awkwardly shaped loads. The Cet-Sling is made from a continuous loop of polyester fibre within a fab-

According to the company, it can lift a load of as much as 22 tonnes and np to 24 metres la circumference. There are no raw edges on the seams so the danger of fraying in extended use is

Drug design: a suitable case for software treatment

cal whose characteristics are already known. Such a procedure could be used, for instance, to design substances for biological reactions in medicine, or to create new catalysts in the oil and bulk chemical industry. By altering the shape of the chemical—in much the same way as a child would move pieces in a jigsaw until they fit—a scientist could eventually -a scientist could eventually come up with a substance that stands a good chance of hoving the correct property.

MODELLING techniques help the design process in several different ways:

• INITIAL DESIGN. Chemists are screen the shape of a molecule to attack or blind with a chemist already knowp. Such a procedure could be used, for instance, to design substances for or to create new catalysts in the oil and bulk chemical industry.

By altering the shape of the laboratory and then testing the same chemical—in much the

PROBLEM SOLVING. In with the design methods, a some branches of biochemistry, workers may need a fundamental understanding of the mental understanding of the ways in which two substances arrangement which (as long as any consequent legal problems.

With the computer design techniques, the laboratory workers can change the shape

And the state of t

Sibling solidarity: Reith Davies, founder and technical director of Chemical Design, with his sister, Mary Davies, the company's managing director KEITH DAVIES, founder and ment-about 40 hours a week

tis picked up on earlier work in the subject at the Massachusetts Institute of Technology and Princetown University and in 1982 supported himself during a four-month spell at the San Francisco Medical Center, another leading HS aerthlickment in

Mr Davies started a PhD at Oxford but abandoned it because he found the commercial prospects of chemi-cal modelling so interesting. In 1983 the chemist, then 25, set up Chemical Design from employees a year later and in July moved to a small set of

The company now has annual sales of £1m and employs 20 people, most of them

FT REGIONAL REPORT

Glenrothes

Electronics and oil have transformed this former mining area. But the new town must learn to survive without a powerful armoury of grants



Successes outweigh the failures

Today 33 of the 200 or so

companies in Glenrothes are in the electronics sector and account for about one-third of the 9.000 johs in the new town. Electronics in Fife, as in many

other parts of Scotland, has done much to replace the heavy

job losses in manufacturing over the past 10 years.

After 22 years, it now appears that Glenrothes, as a

new town, is nearing its end. The prospects unsettle some in

the development corporation management, who operate out of a former stately bome on the fringes of the town.

Last year, in the Govern-

Assistance

THE NEW town of Glenrothes has changed the industrial face of Fife. It has attracted some of the electronic and oil-related industries which have brought hope of recovery to the

Scottish economy.

Situated in the ceotre of the Situated in the ceotie of the Kingdom, as Fife is known, the town was originally established after the war as a mining community, with attendant industries, for the new Rothes pit nearby.

ant industries, for the new Rothes pit nearby.

But flooding and geological problems led to the closure of the pit in 1961, before it had produced much coal. Mining in the area as a whole was also in decline. Some 36 pits were to close during the 1950s and 1960s with more than 20,000 miners losing their jobs. This had a knock-on effect on other industries, such as the railways and local engineering.

local engineering.

As a result Glenrothes desperately needed a new direction. In 1963, it was re-designated a new town to hring in different kinds of industry. "It was imperative that we found some industries of the future." recalls Sir George Sharp, the chairman of

the new town corporation.
The corporation's aims were to lure foreign investment, provide new housing and give new economic balance to industrially blighted areas of Scotland. Like tha other Scottish new towns it brought together the management skills needed to set up a new industrial infrastructure and help get new

companies on their feet.
The turning-point for Glenrothes fortunately came just as the difficulties in the nearby mining complex mounted. Beckman Electronics decided to set up in the town in 1954, This was the signal that set other sunrise industries



lopment taking advantage of the financial start-up assistance. New technology in residence soon rubbed off on some of the other, more traditional industries, such as Tullis Russell Paper, the largest single employer in Glenrothes with 1,200 workers.

Rodime, making Winchester disc drives, General Instrument producing semi-conductors, ACT Computers, along with Hughes and Beckman have belped the community develop new skills and attract supporting service

that set other sunrise industries

A number of electronics
companies were to follow. The rush for self-sufficiency in oil in the early 1970s also bad its uncertainties in the U.S. spin-off in the new town, with electronics market have added, companies supplying equipment bowever, to the new town and services for offshore deve-planners' beadaches.

written by MARK MEREDITH

> employer in the town. Here circuit hreakers are produced at Electrical

This report was

cover some costs. The other four new towns, Livingston, Cumhernauld, East Kilbride and Irvine kept their grant-giving abilities, although the percentage of assistance available was reduced from 22 to 15 per cent. The close ties with Fifa Regional Council, symholised programment for training management for training management for training management for new ideas.

The close ties with Fifa Regional Council, symholised programment for training management for new ideas.

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The close ties with Fifa Regional Council symholised programment for new ideas.

The close ties with Fifa Regional Council symholised programment for new ideas. some of their capital

The review left Glenrothes with virtually no strong cards to play in its bid to attract new industries. The change of emphasis to more selectiva grants by the Scottish Office to win over mobile inward investment could still henefit the town, but the other new towns have more positive incentives. have more positive incentives,

With U.S. or Japanese comthe fringes of the town.

Last year, in the Government's review of regional development assistance, Glenories lost its ability to offer automatic development grants to incoming companies to with U.S. of Japanese companies to with U.S. of Japanese companies to with Glenories to Japanese companies to with Glenories to The target for Glenories to Tobes is 55,000. The population presently stands at 38,000.

There is neverthetess already in place a working community appeared to dry np. So did the with an identity of its own, offerance in the target for Glenories to the target for Glenorie

ment is no longer the indi-vidual preserve of new towns hut rather has been centralised and co-ordinated through Locate in Scotland (LIS), a body combining the industrial promotion resources of the Scottish Development Agency with the grant-giving abilities of the Scottish Office, LIS offers of the Scottish Office, LIS offers one-stop shopping for incoming companies, providing assistance and guidance. On the other hand, new towns like Glenrothes have now lost their ability to market abroad and thereby some of the room for initiatives.

This change has left the corporation wondering what it can do to further promote industry. For its part, the regional council has placed considerable emphasis over the years on im-proving infrastructure to complement the new town's development. As central government assistance has thinned, the region bas also developed a loan and grant scheme simed in particular at small business start-ups and local management huyouts.

The local technical college

has played a key role in deve-loping skills needed by new

Office is due to reassess its posi-tion in 1989.

All the new towns are designed to reach a certain population target at which point they are retorned to the com-munity and their greeisl community and their special status removed. The target for Glen-rothes is 55,000. The population presently stands at 38,000.



The town centre contains one of the largest enclosed shopping mails in Scotland (left). The Hughes Microelectronics plant (right) is involved in a £25m expansion

ELECTRONICS INDUSTRY

Local business spawned

THE FIVE new towns in Scot-land have been essential to the growth of s powerful new elec-tronics industry. They have provided the greenfield sites and backup for the incoming American or Japanese com-panies and acted as drawing points for the kind of labour force the sunrise industries force the sunrise industries have required.

ranguciai Tames Samuel Vennet 19 1900

Electronics has been promoted in Scotland as a whole to create jobs and encourage new indigenous companies to form part of the infrastructure form part of the infrastructure serving the multinationals.

Over 42,000 people are employed in more than 300 electronics companies. Glenrothes new town has 33 electronics companies which provide jobs for roughly one third of the for roughly one third of the good workforce in the area.

Companies like Hughes Microelectronics, General Instrument, Rodime, and ACT that belied change the industrial profile of the new town. The arrival of Beckman Instruments (now part of Emerson Electric of the U.S.) in the ments (now part of Emerson Electric of the U.S.) in the early days of the new town marked the turning point away

from Glenrothes' links with coal and more traditional industries.

spawned new indigenous industries in the town.

However, Mr Iain Duffin, associate managing director at Hughes Microelectronics feels Scotland still has a long way to go to develop a thriving infrastructure. "Large equipment to help produce microcircuits are where the hig bucks are," he says.

The company started up in Glenrothes 25 years ago when it produced watches and then calculators for the consumer market before it moved into its current specialist market. Duffin is among several managers in this sector who readily point to a record of trouble free industrial relations in their Fife plant. They also praise the However, Mr Iain Dunn, associate managing director at Hughes Microelectronics feels Scotland still has a long way to go to develop a thriving infrastructure. "Large equipment to help produce microcircuits are where the hig bucks are," he

ments Mr Duffin. But the company has not had any production cutbacks, any reductions in capital outlay or shed any of its 760 staff. A £25m expansion up a factory in Glenrothes four Since then companies such as should see the workforce grow Kineticon which make test to 1,100 by 1990, equipment for electronics, Hughes makes customised

coors Ceramics whose product range includes the ceramic substrates for some types of micro-circuits and handle substrates in the manufacture of the husiness is within the company and about half of the work is for military contracts which have not been as vulner-types in the town.

rice industrial relations in their Fife plant. They also praise the region's education system which has helped prepare pupils for the new industries.

Coors Ceramics is another U.S. subsidiary which has shown rapid growth. It has a workforce of 85, a turnover of £3m and, along with a sister plant in Wales, is moving towards a more integrated product development with less deduct development with less de-pendence of the plant's Colorado based parent com-

years ago and recently an-nounced plans to expand its Hughes makes customised 97,000 sq ft plant by 10,000 sq ft.

47 Electrical and Electronic companies, 2 Freight Forwarding agencies, 6 Printers and Publishers, 3 Haulage companies, 10 Computer companies, 22 Business and Secretarial services, 4 Packers, 2 Robotic Engineering companies, 25 Mechanical Engineering works, 15 Precision Engineering groups...

... and a man who helps planes see in the dark."

establishing an infrastructure that makes sense with Glenrothes Development Corporation. for business development.

above are but a small proportion of those

Glenrothes has over thirty years experience of enjoying all the benefits of a continual association

*With support from Glenrothes Development Over thirty years of providing a sound indus- Corporation, David Morton has set up his own trial base for the widest range of companies has company, Aircraft Monitoring Limited. He's resulted in a continual pattern of successful growth invented 'Tripwire', a new ground control system. for the community—the businesses mentioned that helps aircraft when taxi-ing in darkness above are but a small proportion of those or conditions of poor visibility. or conditions of poor visibility.

FOR FURTHER INFORMATION PLEASE CONTACT: JOHN McCOMBIE, COMMERCIAL DIRECTOR, GLENROTHES DEVELOPMENT CORPORATION BALBIRNIE HOUSE, GLENROTHES, FIFE, SCOTLAND KY7 6NR. TELEPHONE; 0592-754343, TELEX; 727125.

GLENROTHES 2

COMMUNICATIONS

Crawl to

better

contacts

town.

The first phase is complete as far as Cowdenbeath and the second phase has begun, taking the road on to the mining com-

the road on to the mining com-munity of Lochgelly.

The final seven miles or so, which will link the new dual carriageway to the new town's road network at Thornton, is due to be finished by 1989.

That happens to be the year the Secretary of State for Scotland is due to take a new look at the future of the new

look at the future of the new towns in Scotland and may be the year he decides to return Glenrotaes to the local authority. Glenrothes is reached by a

ROTHES PIT

Watery end

for great

black hope

THE STORY of the Rothes pit, an industrial disaster in the 50s and 60s, has a strange epi-

Rothes was to be the great white hope—or perhaps black hope—for the Fife economy. There were forecasts of 10: square miles of coal underground in this area of central.

Fife after test bores were made and a shaft sunk. As many as 20,000 miners were to be em-Production started late in the

Production started late in the iffices just as the dreadful truth dawned: the pit was lying on a major geological fault and suffered from chronic problems of flooding. Older mizers who had worked in collieries nearby had warned of the water danger.

ger.

In 1961 after expenditure of £14m the pit was abandoned and the 849 miners either lost their jobs or had to be transferred to other pits.

The pit was to be the nucleus of the new town with support industries built up around it. Government thought about the town's future for two years before re-designating Glenrothes as a new town to help bring in a wider range of industry.

The mine at Thornton today looks like one of Scotland's many abandoned collieries. But a closer look reveals signs of activity.

The Rothes pit is now used

activity.

The Rothes pit is now used to test underwater equipment. The Underwater Testing Company, based at Fort William, leases the shaft from the National Coal Board. About ooce a month engineers from the company will lower diving bells—all unmanned—down the flooded shaft to check its performance under pressure. Equipment is usually lowered to around 1,500 ft although the shaft drops to around 2,500 ft.

Here, the water is consider-

Here, the water is considerably calmer than that of the North Sea. The only problem is that competition is coming in

from the increasing use of hyperbaric test vessels where equipment is placed inside large tanks and water pumped in under pressure to simulate deep underwater conditions.

of an hour.



Brand Rex, a U.S. company among the world leaders in computer industry data interfaces and interconnection cables, is embarking on its fourth expansion



PAPER INDUSTRY

Workforce adapts to new technology

town was created.

The new complexion which high technology industry has brought to Gienrothes can also be seen in its paper companies which have used electronics to greatly improve their control systems and energy controls. Tullis Russell, a family owned concern, has been in this part of Fife for about 150 years. It produces a wide range of papers that specialises in the printings and writings sector.

and writings sector.

A management decision to develop a line in coated paper need by companies for anumal modern.

In the printings are an expectation to the production technic provided paper need by companies for anumal modern.

Management at both companies the strip.

Management at both companies point to a workforce the town of Markinch at the ingredit product have been ready to adapt and train for the introduction of new technic present a product anumal product and air services company at Clearothes but only private planes use the strip.

Management at both companies point to a workforce the town of Markinch at the northern fringe of the town which is on the main Aberdeen the introduction of new techniques.

is valinerable to the fierce international competition in the
paper trade. The workforce is
being trimmed by 150 to about
1.000 in the face of rising costs.
The remaining workforce will
the offered shares in their company. These will become available from members of the Russell family, who wish to sell plans in Fife.

CLENROTHES inherited a wellestablished paper industry. The
big Tullis Russell and DRG is investing £8m in improving
Transcript works were once the
main industrial alternatives to
the mining interests nearby in
the early 1960s when the new
its sights set on the company. market in Europe which con-sumes an estimated £400m of

The company switched production from paper sacks to carbonless paper. Not only is the product very different and geared to high tecnology industry.

year over the last three years, nology.

An important element in the cher, director and secretary of Tullis Russell.

The company is the new DRG Transcript, has of Glentown's main employer. But it is vulnerable to the fierce international competition in the corroration as well as local to Edinburgh Inte. The new town has long pressed British town has long pressed



McLean and Gibson has a 35,000 sq ft machine shop for engineering to serve industries like paper, textiles and steel

Tullis Russell The Papermakers



established in Glenrothes since 1809 Makers of Trulux, Trucote, Trucard, Rothmill, Ivorex, Mellotex, TR4, TR5, Ocaread and Micradoc.

Buko works harder for you. Works better for your customers.

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Buko Limited, Ashley Road. Southfield, Glenrothes, Fife, Scotland, KY6 2SE. Tel: (0592) 773977. Telex: 72298.

TRAINING AND EDUCATION

Rising to challenges

town now has less government-backed assistance available to make it attractive to potential inward investment, its educa-tional programme has become a vital part of the infra-structural background and an enticement in itself.

A major attraction for the resident companies in the new town is the Centre of Industrial Studies at the Glenrothes and Buckhaven Technical College. The college has tailored courses to lower, middle and

senior management as well as trade unionists and has become a catalyst for business thinking within the community. At the centre, managers can take short courses - two or three days at a time - in areas such as eccounting or management techniques.

Regular programmes cover areas like management and supervision, communication skills, safety, industrial engin-eering and production control, quality control and assurance, instructional skills and computer applications.

A strong suite in industrial relations courses may be partly behind the new town's record of very few strikes in the past 10 years.

Organisations, like the Fife Quality and Reliability Group or the Sales and Marketing Club have been set up at the tentre to encourage the exchange of ideas among management and resultance. ment and workforce.

The Manpower Services Com

GLENROTHES HAS risen to mission backs some sponsored instead of using the broad-the training and a series of post challenges presented by its industries. Although the new tunities are offered.

Outside speakers are brought

in and the centre also forms an effective small business service offering consultancy for new

The technical college, which is run by Fife Region, also takes a novel approach to computer training. Its CATS (computer assisted training service) tackles the computer interests of tha

According to Tom Burness, principal of the technical college, tailor made training has become a speciality. Companies can identify their trainwork out at about £6 an hour content of the college. ing needs and design their own and training in, say, handling courses.

a word processing program might take 12 sessions to cover the various aspects of the

software.
For senior management the New Town Development Cor-poration has developed the Guid Club which organises regular outside speakers for its well-attended dinners. The club together with academics from Scotland's universities.



Computer-orientated training at the town's technical college

PROFILE: FORTH TOOL AND VALVE

Breakthrough via door-bashing

complicated, and not very well signposted series of secondary roads. A slow lorry in front of you and the trip to Edinburgh airport can take the best part galloping expansion rate and a current turnover of £1.8m, the company has paced itself to the Fife has its own airport and air services company at Glea-rothes but only private planes

FORTH Tool and Valve is among the cluster of British companies which has broken into the difficult North Sea oil and gas market. The oll companies are deeply cooservative about their suppliers and accept newcomers reluctantly.

"It took a lot of bashing on doors," recalls Duncan Macpherson, managing director of Forth Tool and Valve. Despite a galloping expansion rate and a current turnover of £1.8m, the company has paced itself to the

market. Sea cootracts. customers are some of the large It takes on largely sub- its latest development has specially valve producers to contract work for other pro- been in areas of specialist the south and west in Scotland.

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How Norway regulates oil activity

By Fay Gjester in Oslo

AN IMPORTANT new law actively with the country's iowhich wil profoundly influence dustry. A company-appointed the way Norway administers operator on a block (licence and regulates its offshore petro-area) or field can be deprived

administrative reform. In prements, its provisions replace three royal decrees, plus a com-plicated accumulation of ad hoc regulations issued by various authorities since 1963, when an enabling Act was passed proclaiming Norwegian sovereignty over the country's continental shelf, regarding exploration for, and exploitation of, natural

It reaffirms Norway's claim to It reaffirms Norway's claim to these resources, and requires the Government to ensure that they are exploited "for the benefit of the whole Norwegian society." while "cootributing to the development of Norwegian



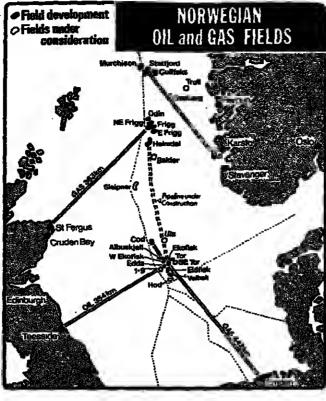
leum industry was approved by of operatorship status, in the the Storting (parliament) ear wake of a serious accident, or lier this year, by an almost some other event which leads to unanimous vote, and took effect a loss of the authorities' conficience. The Oil Ministry can regulate a field's production of March 22 represents a major brofile, and require an operator administrative reform in the employ secondary recovery. paration for over a decade, techniques (such as water or under several different govern- gas injection) in order to ensure optimum exploitation of

> In many parts of the world, multinational oli companies are accustomed to a minimum of government interference with their operations. Surprisingly, none of the many foreign oil companies working oo Norway's shelf bas protested against the new law. Mr Farouk Al-Kasim, resources director with the Norresources director with the Nor-wegian Petroleum Directorate '(NPD), says this is probably because the companies believe that the measure will be applied 'reasonably." They were, more-over, consulted extensively when it was being drafted.

> A key section obliges the Government of the day to conduct impact analyses before opening up new areas of the continental abelf to petroleum exploration. The idea is that the interests of the oil and gas industry should be balanced against those of other industries and communities which

siderations, and of the need to conserve nature and the environment."

The new law is not just a tidying-up exercise. It gives the state far wider powers than hitherto over the companies.



against those of other many tries and communities which applies both on fixed many could be affected by the advent lations — platforms planted on the sea bed — and, within the sea bed — and the business and industry and taking necessary account of other activities, regional policy considerations, and of the need to siderations, and of the need to activities and of the need to activities and of the need to activities and organizations. modation platforms, and pipe-laying and construction barges, whether or not they are regis-tered in Norway (supply ships and standby vessels are

among about a dozen different NPD's jurisdiction relates only state bodies. Its authority applies both on fixed installations—platforms planted on the sea bed — and, within certain limits, on a variety of the floating craft which serve the petroleum industry, such as mobile drilling rigs, accommodation platforms, and pipetion, production or transport, but not other aspects of life on board, unless safety is somebow affected.

Previously, safety regula-tions for fixed installations were set by the NPD, while Norway's Maritime Directorate was responsible for those on floating platforms. At the same time, a number of other state far wider powers than which bas the final say in determining where the rigs may go. The NPD. advisory arm of the Ministry of Petroleum and to initiate, or to speed up, exploration of a licence area, or development of an oil or gas bliscovery, and to co-operate which safety of petro-leum exploration of a co-operate which safety of petro-leum exploration of a co-operate which operates and standby vessels are which bas the final say in determining where the rigs may go. Because of its own large which operates to merchant fleet, which operates to merchant fleet, which operates to mainly between foreign ports, to regulate foreign-flag authorities was involved in supervising the safety of petro-right to regulate foreign-flag authorities was involved in supervising ancillary functions. At the same time, a number of other authorities was involved in supervising ancillary functions.

They included the Civil Avia-tion Authority (belicopter traffic to and from platforms), the Telecommunications Directorate. Coastal Directorate, Meteorological Institute, the Directorate for Inflammable and Explosive Substances, and

The fact that the NPD now has the authority to set safety standards in all these areas will make life much simpler for the operator oil companies. At the same time, the Directorate will be able to draw on the expertise of officials in the specialist bodies. as oecessary
—to consult the Maritime Directorate, for instance, on the design of a new type of lifeboat. Of the NPD'a 300 or so employees, about 120 are at present working with safety issues, according to Mr Magne Ognedal, the safety director. He thinks that an additional dozen

Supervision of a large and complex industry by such a relatively small number of people is possible because Norway—like Britain—makes the operamr oil company responsible for actually enforcing safety off-shore. The Norwegians call this arrangement "internal control." They have gone further than the UK authorities, bowever, in that they require operator com-panies to submit detailed descriptions of their routines for internal control or self supervision. The task of the NPD is then—partly through spot checks—to ensure that these

or so may be needed.

Mr Ognedal says several oil companies initially resisted this requirement, introduced in 1978 —the year after the Ekofisk blow-out. Others were convinced that their organisations already

routines function.

The new law makes the operator company on a field respon-sible for enforcing safety standards not only for its own employees but also for construction crews, catering workers, and so forth employed by its

sub-contractors.

Although the petroleum law has now taken effect, the NPD

takes account of the fact that offshore technology is con-stantly evolving. It will also give the licensees "freedom to

month. At issue is whether the Norwegian state has the right to change its own rules about how frequently production royalties should be paid. A royal decree of 1985 said they should be pald bi-annually, three months after falling due. A later royal decree, in 1972, required them to be paid quarterly, a month after falling due—but did not explicitly annul the 1965 decree.

Phillips Petroleum, operator on the Ekofisk field, bas so far won two rounds of a legal

whole life of the field.

The petroleum law explicitly annuls both the 1965 and 1972 decrees. The Government hopes that even if the Supreme Court rules in Phillips' favour, Norway's liability to refund interest will therefore end from July 1 this year, when the law took effect. This may be overoptimistic. Phillips' lawyers have indicated that they may challenge the annulment of the two decrees on the grounds that challenge the annulment of the yew and on the lawn, a topiary two decrees on the grounds that momento to Henry Ladew's days the Norwegian constitution forhids retroactive legislation.

hids retroactive legislation.

The decision could affect the tax treatment? of flatround. 35 (A. topiary fox runs across the flate 20th century is also an age of huge: personal fortunes. Ladew garden's lawn, eternally the Norwegian state millions of dollars, Licences for the Frigg. Valball, Ula, Odin and Heimdal fields also predate the 1972 decree.

of British hunting was incomparative tastes and styles. The late 20th century is also an age of huge: personal fortunes, and every increasing advice. But I wonder what the camera of the next personal fields also predate the 1972 decree.

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rmanilal Times Sandray Velocia to 1860

has barely begun the buge task of revising safety regulations under the measure. A main aim will be to move away from detailed rules and towards what the Directorate calls "more result-orientated requirements." That is, to specify what is to be achieved, rather than how. This

select solutions which are cost efficient, within the legal frame-work stipulated by the authori-ties."

One paragraph in the new law could be put to the test in a Supreme Court case next month. At issue is whether the

far won two rounds of a legal battle about this. It is claiming a refund on the extra interest costs it has incurred by switching to quarterly payment. The sum has already passed NKr 100m (£8.95m) and could amount to NKr 650m, over the whole life of the field.

Capturing the spirit of great gardens around the world

BY ROBIN LANE FOX

may even seem so to gardeners. they struggle to plant daffodils before they rot and cut a wet lawn for what, with

luck, will be the last time. The story of gardening is a history of world-wide exchange and contact, from which modern styles have been born. English gardens are world-famous but some of the best-known are not the evergreen style of the Mediterranean.

However, few of us have a chance to see remote gardens and appreciate these exchanges round the globe. Most of us do not know where to look, even nearer home. Botanical gardens are not publicised like beaches. Perhaps Peter Coats's new book will help to choose your next itinerary. No English writer of gardens is more widely travelled or better informed about gardens elsewhere in the world.

In 1943, be was comptroller of the Viceroy's residence in Delhi. During the war he won a familiar battle—against the taste of a professional English gardener who liked the Viceroy's flowerbeds with reds and oranges, compounded by that Indian favourite. the

purple-leaved canna Since then, Peter Coats has helped to design many gardens and has travelled as the garden editor of House and Garden magazine for more than 30

years. Beautiful Gardens Round the World is his tribute to much he bas seen and photographed. Published by Weidenfeld at £15, it has added a dozen or more gardens to my list of essential visits in the next 20

My abiding impression is the spirit and audacity of the spirit and audacity of the greatest garden owners. In Maryland, the gardens of the late Henry Ladew are famous for topiaty, an old European art, However, when topiary was transplanted to the U.S., it acquired a new range; green swans, green swags of decoration round gateways of classic yew and on the lawn, a topiary dds retroactive legislation. of British hunting was incom-The decision could affect the parably good.

SOMETIMES, non-gardeners garden is a tribute his sense of think gardening is parochial. It

On the west coast of Canada, the bold Mrs Butchart has set a fine example to businessmen.
The Butcharts were cement
producers whose fortunes derived from a deepening pit in British Columbia. It looked a fearful mess and as the basiness grew, the mess as usual, grew with it.
In the 1920s Mrs Butchart

narrowly English at all. Like decided to turn the pit-face into their flowers, the inspiration for their plan comes from abroad. for the quarry, bundreds of from Italy or the Near East and the authorized and a special than a specia decided to turn the pit-face into a garden. She ordered a lake for the quarry, bundreds of tons of topsoil and a special chair-lift, supported by ropes, from which she could push climbers and ivies into the cracks of the rock which the family's business had exposed. The gardens are atill flourishing and Peter Coats considers them "the happiest chiaroscuro of flower and leaf colour." There may yet be hope for Corton Wood.

Across the world, three styles

Corton Wood.

Across the world, three styles seem to have been transplanted most widely: the English, the Japanese and the West Mediterranean, which traces, utimately, to Italy. I exclude the style of park bedding-out which is usually blamed on France, but which is, I think, indigenous wherever teams of gardeners are left to make a show in a formal landscape.

In Australia, Peter Coats has found some charming echoes of

found some charming echoes of soft English-colonr schemes. The influence of Japan seem most obvious in external pagodas and stone lanters. narrow waterfalls and bogus bronze water-birds. As be well remarks, Japanese gardening belongs with the

country's own distinctive land-scape. Japan bas no broad rivers, and so water, in Japanese gardens, is classically Who else has toured the Botanic Gardens in Mauritius, planted an aviary in pre-revoluplanted an aviary in pre-resolu-tionary Portugal and walked on terraces of "convict bewn stone" in New South Wales? In South Africa, he shows us a charming garden at Rustenberg, whose walls were quarried by those maligned labourers, Italian prisoners of war.

.I notice how many of the boldest gardens were made in the first three decades of this century when travel was undertaken to open a window on other tastes and styles. The

The 88 accepted accepted accepted accepted accepted work in 1.515 and deep.
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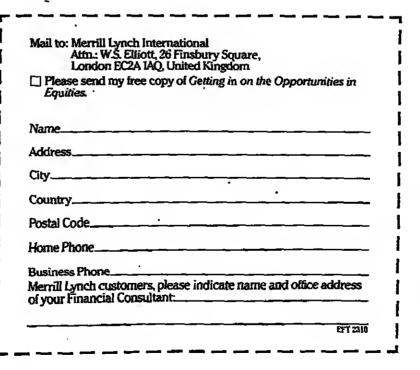
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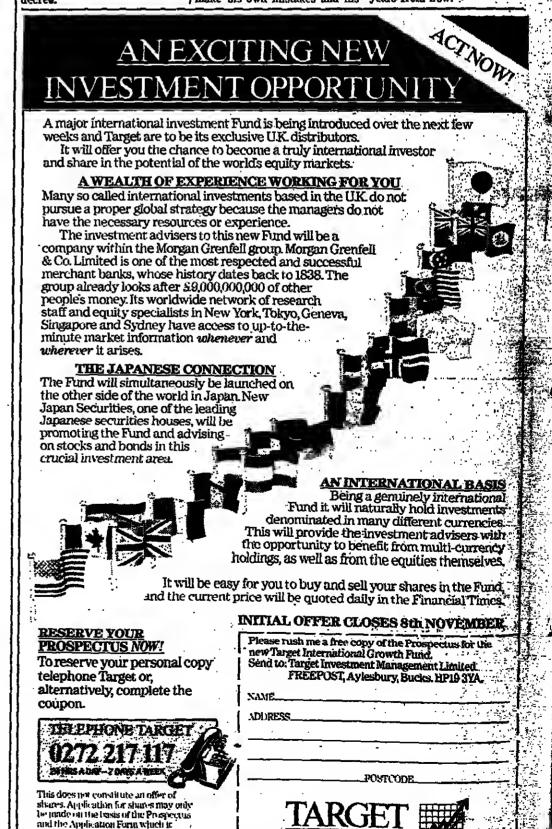
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The Kingdom/Festival Hall

Choral Society, whose promo-tion it was. Sir Charles's beat

was flexible and expressive throughout in the true Elgarian way, and—as was immediately indicated by the

orchestral prelude he could selze on the Elgarian combina-

tion, regulate for this power-fully chaste work, of glistening tone and solidity of utterance. Seamless, and as far as the orchestral playing was con-cerned, silken flow of sound

was consistently achieved. The five parts were separated by

The Dragon's Tail/Apollo

Michael Coveney

Penelope Keith emerges from total darkness in a Welsh forest glado kitted out in Barbour's coat, Hunter's boots e floppy hat; the image, as usual, of rather prissy middle-class respectability. But what is this? While Mark Kingston halps cattle the while user for marriage proposal from Frank and muted assent from the lately bereaved adoptives, Dylan and Apricot; to a hectic this? While Mark Kingston belps settle the white van for the night by its headlights (we are fresh out of petrol). Miss Keith is glimpsed snatching little tipples from a hip flask. And the van has run over a tent whose occuponts are possibly flattened. flurry of refusals and concilla-

flurry of refusals and concilla-tions as, by ten o'clock the next morning, the van is pushed by the girls hock on to the read.

It is interesting to see Miss Keith using her formidable comic equipment of put-downs, frozen stares and swooping petty gestures of triumph to sig-nal an inner desolation. She admits to being a desperate old dragon (this being Wales, you ace) whose tail is docked and whose fire is extinguished. The trouble is she does not really live up, or down, to that self-Douglas Watkinson's new comedy sounds a bit black but is no such thing. Miss Keith is no such thing. Miss Keith indeed plays an alcoholic widow, Mary from Aylesbury ("Where the ducks come from"), whose chance encounter with a bejeaned sibling working class due from Acton ("Where the flyovers come from" — oh dear) prompts her to improvise an instant family around her. live up, or down to that self-assessment at all. She never acts drunk, for a start. Tho sort of line in the text already indicated suggests a quickness and pointing usually beyond a committed soak, however plaus-ible the surface behaviour.

insult the youngsters' mother); head on is unfounded. She to engineered duologues in merely calls it to order and which Mary plays off the sup-porting cast to elicit an oblique tures ("If everyone was as tures ("If everyone was as useful as me, the world would be a better place ").

The playing under Micheel Rudman's akilful, flattering direction attempts to introduce much more argumentative conflict than is actually written. Thus Robert Hines's FT-reading streetwise middloman (as it is Saturday morning, the Weekend Saturday morning, the Weekend FT makes a West End debut) switches from resentment to analytical insult with no credible reason for doing but, it must be added, with no loss of stage authority. And Amanda Root, whose spitfire Juliet and bounding Hermis have been recent joys in the RSC's Other Place, is a riveting newcomer even without Shake-

Mr Watkinson, who has worked extensively in television medical widower whose quiet professions of love are buried in Mary's garrulous welter. The play moves schematically through opening bouts of silly hostilities ("Hi' must be youth-speak for 'hello, how are you?" is the sort of thing Miss Keith punches between the deadly fixed smile, before moving on to

Twelfth Night/Northcott, Exeter

B. A. Young

tions, dominated by women's solo voices were suitably

solo voices were suitably coloured and contrasted. Orchestral pointing of the words was always deficate and apt, reaching a pinnacle of richness and subflety in the fourth part's soprano solo "The sun goeth down," where Christopher Warren Green's violin was a match for Lillian Watson's radiant and winging sonrano.

She and contralto Alfreda

Hodgson, a sensitive pair in the duet which comprises the hrief second part, were more satisfying soloists than the two men.

The gliftering production of specific hour. Malvolio's dark chorus, especially when there with Night, with which room is a little hour-like cage is some stage-management going Stewart Trutter concludes his with just enough room for film on. During the interval, mulled Stewart Trotter concludes man five years at the Northcott to lie down. It is all enchanter the stands on e ingly pleturesque.

Theatre in Exeler, stands on e ingly pleturesque.

This is not an occasion for this is not an occasion for the standard occupies not the standard occupies in its pargreat performances; it is par-ticularly a director's work of

Theatre in Exeter, stands on e-frozen pend that occuples not only all the stage, but also the extended forestage reaching to the front row of the stalls. On to the ice are slid three trucks full of scenery that, to the designs of John McMurray. art. Lines are spoken with no more ewareness of poetry than if they were chat hetween the Illyrian Sloane Rangers. This does not deprive them of poetry and under the guidance of Feste, on skates, become a small (and anyway most of the play is in prose). Exceptional care fitup stage with a loose back-drop. Strips of carpet surround it on the ice, and, further out, is taken to ensure that the pre-cise sense of every phrase is expressed, so that when poetry braziers and lanterns glow around the banks to indicate actors waiting for their enis implicit, it emerges naturally, and the jokes sound fummer

Most of the playing takes place on this little stage, as if by an Elizabethan touring company. Now and then it overflows. The sea coast of Illyria is on the carpet, and so are Sir Andrew's hilarious duels with the twins. Sometimes an actor comes right downstage for a confidence, and then the dim figures from the before in my experience. Mr. Trotter throws in some jokes of his own. Sir Toby, Sir Andrew and Fabian, unable to see enough of Malvolio reading his take letter by peeping over the backcloth, improvise instant seats on the curtain-rail, dangltimes an actor comes right ing puppet legs in front of downstage for a confidence, and then the dim figures from the outskirts creep forward to light songs by Simon Coates, well him or her with their lanterns. min or her with their inherit.
A joke: clock representing the
whirliging of time—a great propeller with the sun and the
moon at opposite ends of the blades is occasionally wheeled the company, and they never Christmas, or indeed months forward to indicate some lose the chance of a full-blooded after.

wine is sold from the stage.

Karen Gledhill's Viola really looks at first entrance as if she has just been dragged out of the sea and having become Gesario, she is naturally boyish and funny. She serves a grace-ful Olivia in Michelle Todd, who is well matched with an aristo-cratic Orsino by Terence Beesley, or would be if their affections did not go so help-lessly astray, Mike Burnside is Sir Toby, well bred and never excessively drunk, and Patrick Romer is Sir Andrew, never excessively foolish, except at fencing. Malvotio, wearing a trim courtier's beard, is a handand more plentiful than ever some figure as Edmund Kente presents him, so all the more pitiful in his subsequent break-

ing people to make this considerable trip to Exeter to see and I make no secret of my spe-cial admiration for Mr Trotter's work. I must now repeat it. This Twelfth Night is worth any who doesn't seem to me to be journey, it still has three weeks nearly old enough, good as he is to go, and there is not likely to in his own generation. There be anything more colourful is some orchestral humming by comic or affecting this side of

Television/Christopher Dunkley

Resting on a Tender reputation





Peter Stranss and Mary Steenburger in the BBC's drama adapted from F. Scott Fitzgerald's novel

the middle of it, but my own feelings tend to be infinenced by the presence—or, in the case of this autumn season, the absence of a single powerful and sive novels.

memorable series. To say this is What are memorable series. no doubt to lay myself open to the same criticisms as those who maintain that history is made hy maintain that history is made hy great men; we should, of course, be looking heyond the famous and the ohvious to the larger, albeit slower, movements which are more difficult to discern. Yet the fact remains that o series such as Cirilisation, Monty Python's Flying Circus or Jewel in the Crown seems to add lustre to the programmes around it, so that one feels well around it, so that one feels well

The BBC would no doubt like Tender is the Night to be seen as serving that function. It is a big-budget production, shot on film, with an American star cast, and it is adapted from an impor-tant 20th century novel. Cer-tainly the BBC has put a lot of effort into promoting it. But it is no good trying to kid us into believing that a drama series is wonderful if we are watching it every week and do not happen to feel that way

disposed towards television gen-

The further this series goes the more clearly it proves that television is a poor medium for the exploitation of those characteristics and ingredients in mid August.

being recruited to the Corporabeing recruited to the Corporabeing recruited to the Corporation, We see the BBC topping
stature of o great novel. There hours watched is scarcely an
have been telling and poignant accurate indicator of the comedy Open All Hours, and

It is not easy to assess the moments: the mannored absur- quality of programmes; in fact feel of an entire season on tele-vision, least of all while still in the middle of it, but my own feelings tend to be infinenced by room of his Swiss clinic. But better television than this has heen achieved from less impres-

what acems pretty cleor from the BARB viewing figures is that the public is not finding this autumn season particularly attractive. The more charitable might say that the abnormal behaviour of viewers this year was the result of a nasty wet summer followed by a glorious autumn, but the less charitable would lay at least some of the blame on dull autumn prohlame on dull autumn pro-gramme schedules.

The usual pattern of viewing across the year is for a low point to he reached in midsummer when the evenings are long and people are on holiday or out in the garden, and then for an increase in viewing as the evenings draw in during the entumn. Television schedulers save their best material for the appliant season and so for the antumn season and so —cause and effect, effect and cause—there is usually a steady rise in the number of hoors viewed between the end of the summer and Christmas. Last year, for instance, there was an increase of six hours between the average weekly amount viewed per head of the population in mid August and the average amount viewed in mid October. This year we have watched 19 minutes a week less on average in mid October than

a cynic might argue that the better the programmes tho less likely they are to attract a mass audience. On the other hand "the mass audience" is really a mythical beast. The audience consists of numerous minorities, endlessly shifting, overlapping, and forming new groups. Popular perceptions as to the general

lar perceptions as to the general quality of television at any given time tend to filter through these groups fairly swiftly and my impression, in entumn 1985, is that nobody is very impressed.

Why? There are presumably numerous reasons, but among the main ones, I believe, is the fact that the BBC seems to have lost its way. In the mid 1956s lost its way. In the mid 1950s it watched in horror as the newly launched ITV set about capturing 70 per cent of its audience. The BBC response was to learn how to make more popular programmes — from Steptoe And Son to Tonight — without giving up its position as pethfinder and market leader in the quality field. Today, as its own advertising

campaign makes clear, it would like us to see that It is still riding the two horses; one seeking to satisfy the mass of the public at least some of the time, and the other pushing out the boundaries of technique and content and setting new stan-dards of excellence,

Unfortunately that is not how it looks to many of us. What we see most clearly is Roland Rat

lies on BBC1 (episode 2 tomorrow) — hut youth does on guarantee freshness. The Triumph Of The West is a documentary series modelled on the global co-productions started under Auhrey Singer in the mid-1980s. The response from the BBC to this sort of castigation tends towards bluster: lists of recent prizes are reeled off (most proving to he second prizes or from second rate events), much play is made with the Corporation's supposed poverty, and rhetorical questions are asked about whether one really believes commercial television is doing any better.

1TV's most reliable ratings winner Coronotion Street with

its own twice-weekly soap opera East Enders. We see opera EastEnders. We see Angela Rippon on BBC 1 chalr-

ing a family game show called Mosterteom in which the

questions are nearer the level of "Trivial Pursuit" than

Mostormind.
In itself there is nothing

maintaining lts old role of setting examples of excellence,

and distressingly few signs of

technique or content boun-daries being pushed out.

Indeed the most powerful impression so far of the BBC's

autumn season is of a scromble back to the 1960s. Its most

impressive comedy, now ended alas, has been in Sickness And

In Health, another hrave attack in taboo areas by Johnny Speight, but one which began

Unfortunately for the BBC, though fortunately for the viewer, the answer is that comthough fortunately for the viewer, the answer is that commercial television does seem to be doing rather better. Time was when the Interview with Prince Charles and Princess Diana would have been produced as of right by the BBC; today ITN's standing is such that it wins it. If you want serious treatment of scratch video—currently the leading edge of technique—you have to look to Channel 4; the BBC threw away the entire subject in two hitty minutes on Did You See? Mare Karlin's independently produced documentary ehout Susan Meiselas's photographs of Nicaraqua and her feelings about that troubled country—agam for Channel 4—was way oulside the norm, very moving, and not, presumably, wildly expensive. In itself there is nothing wrong with the production of such trivia: indeed we must occept that in the long term high quality television programmes will rely for their very existence on the "inhouse" subsidies made possible by the production of popular programmes in much the same way that Penguin, say, manages to keep Orid's Erotic Poems in print by publishing Lace ff.

The trouble is that while the

trying to use young talent in this area — Ben Elton has written and French and Saunders star in Hoppy Fomi-

lies on BBC1 (episode 2 tomor-

ahly, wildly expensive.

The feeling that the BBC is no longer fulfilling its role in setting an example is, of course. print by publishing Lace ff.
The trouble is that while the BBC certainly seems to he doing rather well in the husiness of aatisfying the mass of the people some of the time (which, incidentally, is as much a neressity under a licence fee system as it would he within a commercialised BBC, politicians being what they are) there is precious little evidence of the BBC maintaining its old role of setting an example is, of course, entirely a personal one: other people watching different programmes might feel otherwise. Like The Bible, television throws up so many contradictory examples that you can "prove" almost anything. Yet I know I am not alone in my impression.

The irony and the sadness is that at a time when the BBC is under attack from those who would commercialise it willy-nilly, it is proving with its autumn season how iremen-dously "commercial" it can be when It tries: top of the ratings, and with an audience share clawed back to 46 or 47 per cent. The trouble is that groundbreaking programmes, inspiring programmes, cannot be pro-duced with the sort of mecbanical-manipulation which can pro-duce hig ratings.

Academy of London/Elizabeth Hall David Murray

soloists, and on Monday there were two. Ray Still is a distinguished performer whose long tenure as principal oboe with the Chicago Symphony is only one aide of his musical career; Neil Rutman is a rising planist. A long programme accommodated not only suitable concertos for them, but the late Strauss Melamorphosen, which ia virtually e concerto for its 23

was adequately taken. Bass and tenor sounded best, perheps, when together; as in "Turn ye again" from Part 4. solo strings.
Though the Metomorphosen concluded the concert, the keen The chorus was trained by its new Chorus Master, Ronald Corp, and generally did him honour. It hadn't the opportustring-players showed no sign of flagging under its exacting demands. Two or three subsi-diary entries escaped my ear, honour. It nature the opposite the nity in this restrained, even diary entries escaped my ear, ascetic, work to inseribe the heavens with fiame, but it could have a secure grip so far on the nature of this giggnthere was a small excess of propriety in the singing, which broad proportions of this gigantic threnody - generalised in-tensity had to compensate for never lacked the virtues of the uncertain sense of structure.
The Acadamy strings none the five parts were separated by second part, were more satisfy ing. The concluding setting of the appropriate pauses, but there was no interval, and the stephen Roberts's Peter was impressive effect was of an uncluded only interval.

The lively Academy of Lon-don, directed by Richard Stamp, music and held the audience. trades regularly upon its Ameri-can links to obtain American texture well enough to achieve quite unusual clarity.

However great Stamp's effecstress—the music harely got room to breathe. Mr Rutman delivered the solo part unper-turbed, however, with much grace and a crisp, slightly self-conscious touch. His paragraphs were thoughtfully turned; it would be nice to hear him in a relaxed dialogue (there was a little of that in the Andantino, but the forceful Allegros for-

Still is a musician in the professional American mould — sturdy, judicious, sensibly musi-cal, immeosely reliable. Hia the uncertain sense of structure. sturdy, judicious, sensibly musiThe Acadamy strings none the cal, immeosely reliable. His McLean and Sir Douglas Morless proved again that their commitment goes all the way back in Cimarosa (the C minor Conto the last desks: the vitality certo) and in late Strauss, with

clear-cut weighting and elegant rhythmic life rather than chiaroscuro shadings or morbidezzo. (There could hardly have been e sharper contrast with another recent Acedemy guest, the clarinettist Richard Stoltzman, who is "European" hard. The rich and sunny open-ing of the E-flat Piano Con-to the very limit of suggestive certo, K482, was dismayingly delicacy.) Stamp made aggreshlunt, without a muance; and in sive trills ont of Strauss's the later movements there was caressing string-murmurs, but a super-ahundance of excited his bright way with the quicker music was an agreeable change from the conventional fainting

> Five new Fellows for Royal College of Music

The Royal College of Music has appointed five new Follows. They are Dr Eric Fenby, Miss Rnth Gerald, Mr Christopher

Second Stride/The Place

Clement Crisp

James Agale was of the glum and charmless, that com-opinion that the best thing to ment is defeated. The lighting ment is defealed. The lighting is interesting. Much is made of do at a dance performance was to sit with eyes shut and cniov a length of apricot Thai silk as sole decor and property. Of the the music. Not, perhaps, the conventional response to danc-ing, and in view of most orchestral playing for hallot, not the wisest course of action, But, faced with Siohhan Davies' new School for Lorers Danced, part of o double hill of her work in second Stride's programme last second Stride's programme last night, it may well he the best advice. Then, at least, pleasure in the fine recording of selected orias from Cosi fon tutte, which supposedly provides the Inspiration, is not sullied by the sight of what seems an aeroble class set to Mozart.

The unwisdom of trying to make movoment equivalents to

cast, only the elogant, poised Philippe Giraudeau acquils himself with his customary distinction. The rest of the event I am determined to forget as swiftly as possible.
The first part of the evening was devoted to last year's Silent Partners, an unaccompanied

exercise for Michelo Smith and Mr Giraudeau, each shadowed by three ofter egos or doppel-gangers. The choreography is earnest about personal relation-ships, finding parallels and ex-tensions of ideas in various permutations of the dancers, with hints of passion, protection, attraction and rejection dutithis music is so gross a mis-fully set out. The dance has calculation, so wearisome in its e clinical air, but at least it exploration of relationships, so leaves Mozart alone.

Tom Waits/David Cassidy **Antony Thorncroft**

tant as he eased through "Day-dreamer," but the audienre was hoppy enough with its dreams. tremes of American pop cul-ture was in need of a fast car in London on Monday night. At the Albert Hall, Devid Cassidy, mid-30a going on 15, was wowing young girls by exchanging kisses for floral tributes and twitching his bottom as an encore while, at the Dominion, Tom Woits, mid-30s going on 55, was doing his impersonation of George Burns after the higgest bar crawl in

Anyone hooked on the ex-

history.

Both betigerantly defy tho years. Cassidy was a teeny-bopper idol oround 1970 and now, thanks to a hit record, is popular again, amazingly with another generation of teeoy boppers. He has wisely decided not to update his oct although, with a rare wry insight, observed: "I'm amazed to he here. I'm even more amazed that you are here."

From the very first song, girls were trooping to the front of the stage with flowers, or tho odd secret message. Cassidy did his bit. Helped by a screen of dry ice and flashing lights, he gyrated, and leaped around, and lay on the stage, love-lorn. I thought the voice was boring of his latest detours down and the movement slightly hesidesolate backstreets.

Waits defies the years by remaining alive. Hidden beneath a hat and a heavy stubble his image is that of the travelling heatnik, always another bar, another pune stool, another hangover. But his ahow at the Dominlon progressed so smoothly that there gressed so smoothly that there can be few who fail to appreciale the professionol artist behind the louche exterior. He has a most remarkable the has a most remarkable voice, rasping and grasping, hreaking and shaking, it turns every song into an intimete autobiography. He somehow managea to convert the atage into a seamy red-light saloon, helped by a highly competent hand. His music has propercaded hand. His music has progressed from road songs into Brecht/ Weil conlinental chansons. Weil conlinental chansons, with harmonium accompaniment and jangling precussion. It was a relief for traditonalists when he hauled himself to the piano for the old romantic ballad like "Ruhy's arms," but Tom Walts managed to grip

the imagination wilh his reports from the hattleground Saleroom

for his "My Goodness, My Guin- rare Birmingham Japanned ness" poster of 1936 sold for casket with two enamel tea

John Gliroy's original artwork In London at Sotheby's a £1,430 at Sotheby's Chesler caddles and a augar canister, dated 1760, went to the London saletoom yesterday. The price dealer Gould for £28,600, double was around four times the estimate. while J. Horne. mate. His "Guinness for another London dealer, paid atrength" artwork, of 1934. £25,200 for an early Stafford-depicting a man carrying a ahlre stipware baking dish of the 1720s.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Echibitions/Thursday. A selective guide to all the Arts appeers each Friday.

Theatre

. LONDON

Sweet Bird of Youth (Haymarket):
Lamen Bacall elegantly decadem as
Temessee Williams's doomed movie
queen. Harold Pinter's direction and
Elleen Dins's evocative designs contradict the play's lopsided reputation and place the central tussic between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the see (200952).

van at small town southern venge-fulness by the sea (3309832). Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shemanigums on tour with a third-rate furce is a key factor.

(836 8888).

Starlight Erreran (Apollo Victoria):
Audrew Lloyd Webber's rollershating fully has 19 migutes of Spielberg movie magic, an emitting first half and a dwinding reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Particle score nods towards rock country and hot gospel. No child is known to have asked for

No child is known to have asked for his money back. (834 5184).

And Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbitch, but Devid Merrick's tap-dancing exhaveganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8106).

Ma and My Garl (Adelphi): Sterk, efficient and enjoyable revived of British signest was line musical hit with Robert Lindsay in the Lupino Lane rule emerging as the best new musical star ance Michael Crawford. (856 7611).

ingue of a musical. (8341317, credit cards 2234735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and imguistic maybern among the logical positivists; with Paul Eddington a more earthbound George Moore II than was Michael Hordern. Febrity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (8368404, credit cards 3798238).

379 5235).

Pravda (Olivier): Entertaining epic new play by Devid Hare and Howard Breaton for the National Theatre in which an unscrupnious South African magnate acquires Britain's most prestigious newspaper. A Jonsonian saure on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment. who penetrates the Establishment while a nation dithers (928 2252).

see. Pastiche score nods to-ock country and hot gospei. other RSC transfer, of Stephen Poliother ASC transfer, or Stephen Pol-akaff's account of his family's emi-gration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter, Ingeniously set in an Impe-rial railway carriage. (236 5566).

Barman (Victoria Palace): Michael Crawford returns to London with his breathtaking purformance as the throus impressrio, adding one or two new tricks in o likeable maringue of a musical. (8341317, credit cards 522 6735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of lave, murder and inguistic maybern among the logical positivists: with Pani Eddington.

Maki-no-Kata (Ledy Maki): o modern Kabuki based on the character of Lady Macbeth by me of Japan's best-known Shakespearean schol-ars, Shoyo Tsubouchi, Set in the irs, Sanyu Isabotchi. Set in the 13th century, one of Japan's for-most female impersonators plays Lady Maki. National Theatre, near Hanzomen Station. English pro-gramme and earphone guide (2657411).

The Music Man: mother Broadway hit performed in Japanese. Hituhin-kan Theatre, near Ginza exit of Shinbashi Station (571 1003).

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease af-fects and focuses effectively on the victim and his protective lover, but this Circle Rep production also has

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's nix of memories and jokes focuses on a Depression en Jewish house-hold where young Eugene falls awk-wardly in love with his cousin.

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight

years but also updated the musical genre with its backstage story in which the songs are used as andi-tions rather than emotions. (229 6200).

Oct 18-24

(239 6200).

kinday in the Park with George
(Booth): Inspired by the Seurat
painting, Stephen Sondheim fashions a musical with dots and dashes ions a musical with dots and dashes of song that end too soon how work well with Tony Straiges's pretty set and James Lapine's book which changes goers in the second act. (2396262).

Le Cage sux Folles (Palace): With some timeful Jerry Herman songs, Harvey Flerstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking

ious original between high-kicking and gaudy chorus numbers. (757 2626).

overament Inspector (Goodman): The Gogol wit directed against bu-resucracy has enjoyed a sympathet-ic bearing in America the latest contribution being this sesson-opener directed by Frank Galati with Keith Reddin starring with L M. Hobson. Ends Nov 10.(4483810).

WASHINGTON

The Good Person of Szechwan (Are-na): Garland Wright directs Ralph Manheim's translation of the Brecht parable in this season opener for an

outstanding repertury company. (4883301).
Count of Monte Cristo (Eistuhower):
The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (2343870).

Winkelhaak Mines Limited



Announcement to Shareholders

The Board of Directors of Winkelhaak Mines Limited have The Board of Directors of Winkelman Planes Limited nave accepted a recommendation by the Consulting Engineers to sink a new win-shaft system (No. 6 Shaft) to the east of the present workings of the company's lease area. The main shaft will be 1,515 metres deep and the adjacent ventilation shaft 475 metres

The shall system is planned to be in production in 1992 in order The shaft system is planned to be in production in 1992 in order to replace declining reserves and to increase the production rate to 225,000 tons per month.

The cost of the project is estimated to be R259 million in 1985 terms which, in escalated terms, could amount to some R432 million over the 6-year construction period.

The project will be financed by means of retained earnings and production revenues from early commencement of stoping from the ventilation shaft. Based on current gold price expectations, the impact on dividends is not expected to exceed R2S million over the next 6 years. However, should circumstances change, consideration will be given to financing the project by way of loans and/or other bridging finance.

By order of the Board GENERAL MINING UNION CORPORATION LIMITED . Secretories SENIOR DIVISIONAL SECRETARY

23 October 1985 :

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Wednesday October 23 1985

The duties of directors

THE GOVERNMENT'S Insolvency Bill receives its final reading in the House of Lords today incurred in the face of looming insolvency. ahead of formal Royat Assent next week. Few would bave believed that the task of modernising Britain's personal and corporate bankrupicy code would bave been so complex and time-consuming. It is, after all, almost nine years to the day since Mr Edmund Dell, then Labour's Trade Secretary, told the House of Commons that a committee under Sir Kenneth (theo plain Mr) Cork was being formed to carry out an exhaustive reappraisal of UK insolvency law. It was not until 1984 that a

government White Paper. in places heavily dependent on the Cork report, was published. The reform of insolvency law has attracted considerably more public interest that orginally expected; the Bill proved controversial and, although technical, attracted fire from diverse directions. Some 1.200 amendments to the Bill's 230 odd clausea were tabled during Its passage through parliament and the Government was defeated on four occasions, three of them in the Lords

Insolvency practitioners, business representatives and various pressure groups all seem agreed that the Insolvency Act will be a substantial improvement on the original Bill, even if it falls sbort of some of the hopes raised by the Cork Report. The process of parliamentary scrutiny has been a notable success: the notion that MPs. success; the notion that MPs and peers lack the resources or machinery to analyse and im-prove complex legislation has been, if not rebutted, at least put in a new perspective.

Controversial

One of the more important lation is a long-overdoe redefinition of the duties of company directors. The Covern-ment was forced, in the face of overwhelming opposition, to bility. back down on its plan to disoverwhelming opposition, to back down on its plan to disqualify automatically directors who through negligence allow their companies to be forced into compulsory liquidation. But the Cork Committee's conduct of a child histograms are allowed to improve the standards of receivers and liquidation. into companies to be forced into compulsory liquidation. But the Cork Committee's concept of a civil misdemeanour of "wrongful trading" survives and to facilitate the remarked liability is a privilege trading incompetent, as opposed to merely fraudulent, directors may incur a measure dedication and professionalism. directors may incur a measure dedication and professionalism of personal liability for debts of British directors.

The precise definition of rne precise definition of wrongful trading and the conditions under which directors mey find themselves personally liable for corporate debts, remain controversial. In the summer, tha Confederation of British Industry, the Institute of Directors and the National Consumer Council joined forces Consumer Council joined forces in an abortive attempt to persuade the Government to re-write the relevant clauses on the grounds that they were too subjective and lacked clarity. The objection seems to be that the Government is unwilling to give directors a "cbecklist" of what they should or should not do to be certain of avoiding future conviction for wrongful trading.

Encouraging

Instead, directors will be found "guilty" if, after the event, a court decides they continued trading when they "knew or ought to bava concluded that there was no reasonable prospect" of avoiding liquidation. The CBI view remains that this definition "will penalise many honest and competent directors" while not preventing rogues slipping competent directors while not preventing rogues slipping through the net. Yet it seems inevitable that subjective judgment will have to be epplied in the assessment of wrongful trading since what is responsible or Irresponsible behaviour by directors is so dependent on commercial conditions. which commercial conditions, which

widely and unpredictably.

Meanwhile, it is encouraging that the insolvency legislation has already obliged the IoD to re-write its handbook on direcre-write its handbook on directors' duties. "The standard of
skill and care the courts will
in future expect of directors,"
it writes, goes "far beyond"
that already enshrined in company law. This does not, bowever, say a great deal: for
example, the IoD lists as one
of a director's new duties the
need to he "conversant with
his company's current viacompany's current via-

The professor's turn in Athens

MR ANDREAS Papandreou, of a group of trade union the professor emeritus of leaders who resisted the economics, has at last caught up with Mr Andreas Papandreou, the populist. A worsening current external portion of these plans was a devaluation of the drachma by 15 per cent, the account, growing foreign debt and poor productivity have forced the Greek Prime Minister and his Government of Pasok socialists into a U-turn like that made by the French aocialists after the euphoria of gaining power had worn off.

The austerity measures reflect a sense of realism that had long been missing from the conduct of Greek affairs. Btame does not attach to Pasok alone. Its predecessors huilt up high popular expectations of the benefits to be derived from joining the Common Market, hut did little to prepare either industry or agriculture for the inevitable shock of competition.

Since coming to power in 1931. Mr Papandreou, too, has done precious little to set that to rights. Only palliatives were apptied, such as obtaining the permission of his partners to continue to restrict imports from the Community and to pay export subsidies. At the same time the advent of a socialist government raised hopes that have proved illusory.

In addition Greek resources have been strained by the need —for so it looks in Athens—to maiotaio armed forces capahle of meeting a threat from Turkey, the historic adversary. Turkish truculence must bear much of the blame; but the purmit of the blame; but t suit of a sound economic policy bas been immensely complicated on both sides of the

Devaluation

Until this summer Mr Papandreou was under constant pressure to prevent his popular support desertiog to the Communists. The convincing wio of the Pasok party in the general election of last June

was the response. But Mr If Mr Papaodreou succeeds be Papandreou seems to feel reasmill have brought Greece a onably strong judging by bis summary dismissal from Pasok western Europe.

drachma by 15 per cent, the accepted means to correct imbalances of competitive strength. Devaluation is to be shored up by a system of import deposits intended to discourage imports by more than the amount of devaluation. There is precedent elsewhere for such a step, but it is messier than evaluation Other members of the Euro-

pean Community must decide whether to tolerate this system of import deposits; whether to grant the request from Athens grant the request from Athens to be allowed to maintain quotas on Community imports and to defer the introduction of value added tax for another year. Sorely tried though they often have heen by Greek obstreperousness, the nine have little choice but to accede to the requests. But they have every right to insist that Greece does not come hack in a year's time sking for another extension. We like to creete an atmosphere where our directors come asking for another extension.

Formidable

Mr Papandreou's decision to modify the indexation of wages is in principle much less prob-lematical. He has estimated that lematical. He has estimated that one fifth of the Greek inflation rete is due to tha prices of imported goods and be will reduce the index linking of wages hy that amount. Since that signifies an intention not to nullify the effect of devaluation upon consumers it is a rational move.

The task which Mr Papandreou has set himself is formidable. An improvement of proable. An improvement of productivity and hence of competitiveness will be almost impossible to achieve as long as job security ranks before greater efficiency. Only a tiny start has been made towards along a start has been made towards closing down e group of mori-hund enterprises which have been kept alive with state

Bureaucracy and the black provided him with room to manoeuvre and carry out the devaluation with supporting austerity measure.

This week's unit description of VAT in a country of under the counter deals and a civil service unpressed. economy are rampant-a beri y measure:. civil service unprepared for week's wave of strikes such work is a herculean task.

ing concern, by a consortium including Messerschmitt-Bolkow-Blohm (MBB), the country's biggest aerospace business. The start of a sweeping corporate overhaul of GHH, the big (DM 16.6bn sales) engineering group, following the drastic re-vamping of its largest subsidiary MAN. It was MAN which sold its balf-sbare in MTU to give Daimler full control.

ACRED COWS are slaughtered and lame ducks

bealed. Alliances split which once seemed firm and unlikely-looking partners form

Intense foreign competition is changing the face of West German industry, and of the

domestic financial sector which feeds the companies funds.

The takeover of AEG, the

once-ailing electricals concern,

by Daimler-Benz, the vehicle manufacturer, is only the latest

example of this upbeaval albeit the biggest and most

Subject to expected approval

by the cartel office, the country's largest industrial company

is being formed with annual sales of over DM 60bn. On the 1984 "German giants" list, Daimler-Benz came fourth

with sales of DM 43.5bn — behind Veba (energy, DM 48.6bn), Siemens (electricals, DM 45.8bn) and Volkswagen (vehicles, DM 45.7bn).

facturer of engines for civilian and military use, and a controlling stake in Dornier, the aerospace concern. The total sum Daimler is spending on the three could easily the description of the could easily ea

three could easily run to more than DM 3bn.

But recent months bave

brought other major changes on the corporate scene too, among

• The take-over of Krauss-

Maffei, the arms and engineer-

dramatic.

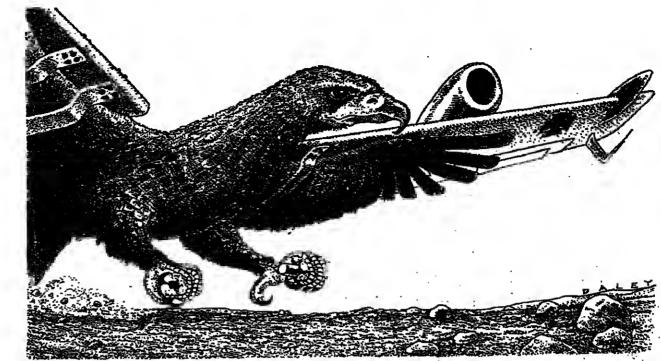
 The burst of acquisitions by BASF, the chemicals company. including the buying of Inmont, the U.S. auto coatings and printing ink concern, for \$1bn.

That list is far from exhaustive, and naturally does not include the deals leading com-panies were chasing but on which they were pipped at the post Mannesmann, the engineer-ing concern already diversifying liked to scoop up Dornier with its enticing research and development resources. Siemens offered \$1.5bn for Allen Bradley, the U.S. factory antomation specialist—but lost out to Rockwell. Now Siemens has its eye on Gould, another U.S. com-pany active in the same field.

WEST GERMAN INDUSTRY

The leaders spread their wings

By Jonathan Carr in Frankfurt



wagen (venicles, DM 43.701).

Only three years ago, AEG was having to seek court protection from its creditors, its shares bad slumped to DM 23 and those who betd them were regarded as figures of fun—or pity. Now the price has been surging over the The biggest stimulus behind this corporate upheaval is clear this corporate upheaval is clear enough—the need to move into, or strengthen an existing position in, high-value prodoct sectors with buoyant growth prospects in the fece of the foreign challenge, ebove all from the U.S. and Japan. has been surging over the DM 200 mark and a lot of share-holders are hanging on to their investment, confident that AEG has a glowing future under the "Mercedes atar" of the canny, cash-rich auto-maker. Daimler has clearly made the running this year, not just with its AEG move but by taking full control of MTU, the manu-

For example, BASF's new acquistions form part of a drive into intermediate and speciality chemicals—and away (relatively) from basic products where competition is growing tougher, from Saudi Arabia and the Third World countries. The Daimler case is clearer

bad idea to re-name the com-pany for good or ill "Daimler United Technologies." After all, within just a few months the makar has created e diversified group with, in German terms, virtually unparalleled research, develop-ment and potential for crossfertilisation in fields like automation technology, information and communication systems,

In international terms it is

following a path similar to that of its U.S. rivals, like General Motors which recently bought Hughes Aircraft, and Chrysler which took over Gulf Aero-

Daimler has also, incidentally, put itself at the head of a triangle (AEG-MTU-Dornier) whose annual turnover in military equipment is probably around DM 3hn. That figure comes close to matching the military sales of MBB, another budding "United Technologies" concern which aims to expand into electronics, data systems and automation to fill out its existing eerospace activities. MBB's new links with Krauss

Maffei, builder of the Leopard tank among other things, should give greater scope for joint military (as well as civilian) projects—for instance construction of a mobile anti-tank system. Moreover sales

prospects could be brightening too, as there are signs that the Bonn government may be somewhat retaxing its hitherto highly restrictive stance on arms exports.

There are two big questions to raise about all this. The first is—aren't the Germans moving rather late, in some cases too late, to re-orientate and re-group on the international corporata battlefield?

Take the domestic electronics sector. Grundig, a flagship of the post-war economic the post-war economic miracle, slid with a small mountain of unsold video recorders into the management embrace of Philips of Holland. The stricken AEG disposed of Telefunken, a historic name in German electricals, to the French Thomson group—which also scooped np other German specialists in the andia field like Saba, Nordmendo and

Even Siemens was initially slow to face up to the "chal-lenge of the chip," though it is

making mightly efforts
It also sometimes seems baffled about how best to make productive use of its cash board — currently estimated at around DM 20bn, or roughly twice the figure for Daimler-Benz. All that is true and points to a certain ponderous-ness in assessing change and reacting to it. That is hardly

reacting to it. That is hardly a fatal flaw — after all the Germans are building up a trade surplus of about DM 75hn this year so they must be doing something right; hut it is clearly a drawback.

The second, more important, question is whether the Germans can make the new kind of diversified corporate structure which is now emerging. ture which is now emerging, work as well as the old, relatively more simple one.

The strength of German industry has often been that of the "good cobbler who sticks to his last"—broadening product range certainly like Siemens or the chemical companies, but rarely risking a leap

into the unknown.
When companies have strayed way beyond their special fields they have not generally been conspicuously successful for example Volkswagen's troubled involvement with the Triumph. Adler office equipment busi-

Naturally the Germans are not the only ones with prob-lems making diversification work—but they have often dis-played a character trait which may compound the difficulties. may compound the difficulties.
There is a tendency to "compartmentalise," in be thorough partmentalise," to be thorough and effective within given parameters, but not in go much beyond them. This seems to be one factor bindering, for example the interchange of research between industry and universities and the combination of disciplines—as in "outs. of disciplines—as in "opto-electronics."

electronics."

In this respect the Daimler-AEG-MTU-Dornier linkup is going to be e touchstone. The big chances are clear enough for reaching research and product results which none of the enterprises could attain so well

The question is whether Daimler, for all its proven skill as an auto-maker, its organisational ability end—not least—its cash, is going to have the flexibility to make use of them. If not, Daimler could end up like several American concerns before it — beading a white elephant of a conglomerate with rather flat feet.
That said, it would be wrong

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Objectivi

to suggest either that the future of German industry depends on diversified "giants" alone, or that hitherto rigid attitudes are not changing at all. Alongside the corporate trends described. and in partial contradiction to them, there are two developments worth noting.

The first is the growing readi-

ness of Germans to try to start businesses of their own rather than to bask in the (relative) safety of the big car corporaful ones can be found in those clusters of high-technology concerns around Munich, Stuttgart or in West Berlin. Second, new sources of finance are opening up for small and medium-sized con-cerns. Venture capital outfits

have sprung up like mushrooms, within the last three years and there is pienty of cash on hand even if management expertise and advice remains hard to come by. At the same time many more companies, both relatively new and those well-established, are going to the stock markets—which is itself in the throes of

modernisation and re-organisa-

This does not mean that California's "Silicon Valley" (for all its current troubles) is about to be out-gunned by dynamic, German entrepreneurs But these changes too, wrought above all by foreign pressure and example, form part of the new profile of German industry and business in the mid-1980s.

CHANGES IN THE CORPORATE MAP ACQUISITION COMMENTS COMPANY Approx, DM Ibn for the majority DAIMLER BENZ AEG (Electricals) (Motor vehides) DAIMLER BENZ 65.5 per cent controlling stake DORNIER (Acrospace) MTU (Aeroengine) DAIMLER BENZ Approx, DM 170m MESSERSCHMITT-BOLKOW-KRAUSS-MAFFEI (Defence) July 1985 BLOHM (aerospace) & consortium of banks BASF (Chemicals INMONT (U.S.) (Printing ink) Outstanding 50 per cent no price SAIP (Spain) (Chemicals) FLICK (Industrial Group) Merger of existing subsidiary MAN (Trucks) GHH (Mech. engineering) PWH (Bulk materials HOESCHT sold its stake July 1985 OTTO WOLF (Diversified value not disclosed from KNORK ket is about to catch up on those of New York, London or Tokyo. MOTORENWERKE MANHEIM KHD (Diesel engine) FENWICK MANUTENTION (France) (Fork lift trucks) LINDE (Fork lift trucks) Philips assumes day to day control PHILIPS (Electronics) & consortium of banks GRUNDIG (Electronics) April 1984

Wisdom of Solomon

What does Britain's leading sup-

plier of meat to caterers have in common with its largest proin common with its largest producer of upbolstered furniture?

Answer: Pyke Holdings and Christie-Tyler are both recent acquisitions by Hillsdown Holdings, that voracious food to office equipment group which yesterday completed its second take-over within a week. Its £17.4m purchase of Pyke is Hillsdown's third since August, and if Hillsdown's past record is anything to go by, it is unlikely to be its last before the year is out.

Harry Solomon, Hillsdown's 48-year-old joint chairman, takes all this in his stride. The jovial former solicitor is not one

"We like to creete an atmos-phere where our directors come as near as possible to running their companies as if they were their own," he says. Sometimes large companies interfere too much and do not let their man-agers manage."

agers manage."
That is why visitors to Hills-down's tiny head office in Hampsted will find only 15 staff hand-ling the affairs of a conglome-



"It'll soon be quicker to send a letter to Edinburgh than to buy the stamp"

Men and Matters

shy and self effacing David Thompson, pride themselves on being just a phone call away from any of the directors of the group's numerous satellites at any time. If lines of communication do break down, they follow

Murphy's law and hreak down close to home. Solomon was just s week away from completing the takeover of Christie-Tyler when his wife spent several bundred pounds on purchasing e Christie-Tyler three-piece suite.

"She paid the full retail price," groans Solomon. "I'don't know whether we could have got a discount. I haven't asked them yet."

Chemistry

Staff motivation and servicewith a smile form a major part of Underwoods corporate philosophy, Brian Kerner. managing director, told

The chemists' chain, which is being floated on the stock market, proudly states in its pospectus that "everyone is addressed on first name terms," and emphasises the standard of service given by its in equipment to improve pro-

Kerner expanded on the courtesy angle. All customers, he said, are greeted with a "Good morning madam" or, at worst, with a friendly "Hello." A plain "Can I belp you" is simply not good enough at Meanwhile, round the corner

at the local Underwoods store in the City, business was pro-ceeding briskly if somewhat chaotically.

Long queues bad formed at

the main checkout while sales assistants stood round other tills looking bored.

rate employing 14,000 people. One such wearing a bright At the same time, Solomon and hadge with the mesage "I'm his partner, the contrastingly at Underwoods. London's liveliest store" raised her eye-hrows in weary enquiry at an lotrepid colleague who had been standing there for some time

For richer...

Computer dating has apparently brought enough happy couples together to encourage the U.S. Embassy in London and Barclays Bank to try some similar match-making between companies from each side of the Atlantic.

holding out a pair of tights.
"Ninety-nine pence," she
said hy way of friendly greeting.

panies from each side of the Atlantic.
Whether any fruitful unions result will be known after the prospective partners are introduced to each other at the Matchmakers exhibition and seminar at the embassy from November 19-21. More than 60 small and medium-sized American com-

panies will be there—and top level executives from 400 British companies have been invited to run an eye over them.

A computer, fed with all their vital statistics, has suggested that they already have many interests in common—above all, ductivity.

The personal meetings, it is boped, will lead to new trading

partnerships. Most of the U.S. companies are vecturing abroad for the first time.

Barclays, which is belping to sponsor the get-together, will

bave its marriage guidance counsellors on hand to sort out any legal or financial hitches and to help tie the knots.

Ill-fitting

China, whose last fashion revolution (circa 1949) gave us the Mao Tse Tung suit, is poised for a new leap forward.

Chinese designers, according to China Daily, are about to launch on the Paris fashion scene a new line in painkilling clothes. They sound just tha thing for

They sound just the thing for English summer wear. The clothes are padded with tradition herbal remedies to prevent pains caused by cold, damp and stress, says the newspaper. The medicines will be sewn in at the shoulder, stomach, waist, chest and knee. Tha chic may worry about the effect on the figure of all that extra padding. But the Chinese are busily designing

A national shoe industry con ference has just decreed a maximum haight of 1.6 inches for men's beels and 2.4 inches as the limit for women's shoes. High heals were condemned in China two years ago as signs of "spiritual pollution." But this time, says China Daily, the decision was taken for physical

bealthly matching accessories.

Here and there

A certain City bachelor—let us call him Jones—found he was regarded with some opproblum by many of his colleagues wives. Jones, a genial and bibulous man, eventually discovered that whenever his friends were particularly late home from the office, they blamed him for forcibly detaining them in some har or other.

One Friday night, one errant busband rang his wife, who was already in bed. "I'm sorry, but I'm with Jones," he explained. "He's overdone it again and he's in no fit state to travel on his own. I'll pour him into a taxi, take him to his flat, and doss down on his sofa. I'm sorry, but I'll be bome as soon as possible in the morning. All right? "

"All right," said his wife, aleepily. And turning over, she murmured: "It's OK darling. He's with you."

Observer

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INDUSTRIAL DEVELOPMENT BOARD FOR NORTHERN IRELAND

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THE FUTURE of Westland, Britain's only indigenous heli-copter manufacturer, will be determined within the next few weeks. Unless some awkward political decisions are taken in its favour by the end of November. Westland's position will be

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The political dimensions of its problem started to become clear protein started to become clear yesterday when anxious Mem-bers of Parliament raised a batch of questions about future relations between the Ministry of Defence and the company. For its part, the Government is having to balance its wish to having to balance its wish to curb public spending, particularly in the defence area, against the atrategic and industrial importance of maintaining the only British supplied of an important piece of military equipment, and one which supports a large number of employees and sub-contractors on the strength of its specialised design and production skills.

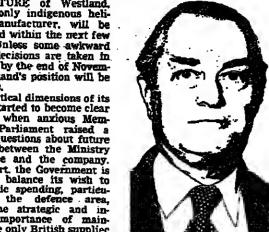
Other helicopter manufacturers around the world are either state-owned—like Aerospatiale of France—or part of large conglomerates, like Sikorsky or Bell of the U.S. The central problem for Westland is that it is a small independent company, with total sales of under \$200m arkite its interest. central problem for Westland is that it is a small independent company, with total sales of under £300m which is mainly engaged in a capital-hungry activity. In its attempts to compete in what has for some years been a very difficult international marketplace, it has exposed itself to a degree of financial risk which now threatens the whole business. Westland does not face a short-term cash crisis, but it has a serious balance sheet problem. Its financial year ended on September 30, and around the end of next month the anditors will have to form a view of its financial health. Hence the tight timetable.

Hence the tight timetable.

The immediate question concerns the value of work in progress on a contract which has yet to be finalised for 21 Westland 30 civil helicopters being built for the Indian Oil and Natural Gas Commission, and six more for VIP transport in India.

Work was well under six more for VIP transport in India. Work was well under way on this programme at Westland's own risk when Mr Rajlv Gandhi, the Indian Prime Minister, placed its future in doubt thia spring. As a result, the company is now carrying an abnormally high inventory of work on the Westland 30, currently worth £40m or more. In a market where civil orders In a market where civil orders are few and far between, the real value of this work would be very doubtful if the Indian contract were to fall through. Although no deals were dis-

cussed when Mr Gandhi was in London last week, the general view in Whiteball seems to be that India will indeed finalise a contract with Westland. But it is highly uncertain whether this will be done in time to be reflected in the forthcoming



Indian order in the balance

The clock is ticking away at Westland

By Richard Lambert



Westland's helicopter gunship, the Lynx-3, set new capacity standards

Moreover, even if the Indian order can be settled soon, West-land may still have to face np to the need for significant pro-visions in its forthcoming accounts. Under its old man-agement, which was replaced this summer when the scale of the problem became obvious, the company had geared itself up to build as many as 400. Westland 30 belicopters over the rest of this century. This is far in excess of what now looks like the most confinition.

looks like the most optimistic projections.

Price Waterhouse, the accounting firm, has completed a special review of Westland's operations which it started this summer, and has apparently furned up no new skeletons. But there are still a number of existing skeletons to be

of existing skeletons to be taken care of.

Sir John Cuckney, veteran of many corporate rescues, was appointed chairman in June. In the delicate way that these things are put, his appointment came at the suggestion of the Hank of England, which had become alarmed at the downtorn in Westland's fortunes. turn in Westland's fortunes.

This became all-too-apparent earlier that month when Bristow Rotorcraft abandoned an £59m bid for the company at the very last moment. Bristow was a company specially formed by Mr Alan Bristow, a leading belicopter operator, with the backing of City institutions, and it made ittle secret of the fact that Westland's deteriorating financial bealth had caused it to think twice about the takeover. Sir John now finds himself Sir John now finds himself with one of the most complicated problems he has faced in a career which bas included the hot seat at such troubled

the hot seat at such troubled institutions as the Crown Agents, the Port of London Authority, and John Brown. Westland's borrowings are pushing up towards £100m. These are supported by share-holders' funds which were shown in the last balance sheet at £122m. But the obvious doubts about the current worth of these assets are evident in of these assets are evident in the stock market value of the company, which after a recent rally in the share price is around £50m.

Given this fragile financial structure, together with what promises to be a very lean workload over the next 18 months or so, Westland is inevitably beading for some form of financial reconstruction. Like his predecessor, Sir John is looking for "an association with a substantial inter-national business." Ideally, such a partner would be a beli-copter manufacturer able to come up with a cash injection in return for a minority stake in the UK belicopter business, together with an input of new work to carry the company through the present shortage.

But there are obvious difficulties involved in pinning down a partner at a time when the financial position is so uncertain. As a result, the management has to resolve a series of interlocking issues in the coming weeks.

If the Indian contract is not logical and finalised in time, will the Bnt that will British Government be willing lot of ducks to stand behind the order in any way? Will the UK Government ticking away.

also be able to give any indica-tion of its future helicopter requirements — something which would certainly help the company in its search for a partner? Will Westland indeed be abe to attract a strong international partner — and on what terms? Will any final package be acceptable to sharebolders and, more crucislly, to the

the British taxpayer anyway, through the overseas aid programme. There have been suggestions that if the worst happened, the British could find a use for the belicopters—perhaps to Northern Ireland, or in some reserve role.

But Mr Michael Heseltine, the Defence Secretary, is said to be taking a robust line—and no wonder. He faces a tough period in the coming weeks at the hands of the "Star Chamber," which is trying to reconcile government departments' spending plans with the overall expeoditure programme. And he is also anxious to develop a more competitive and commercial procurement programme. Helping out West-land could make both these tasks more difficult.

The Ministry of Defence is

offer to potential partners. Westland would provide an import-ant strategic foothold in the UK market; a broad range of military experience, with especial expertise in the market

promising developments over the EH 101—which is now being developed in partnership with Agusta of Italy with the full support of the UK and Italian governments.

One irony is that the Indian order, if it goes ahead, will in effect be entirely financed by

also thought to favour the idea of a European partner for Westland, which would make ative defence programmes. But Westland seems to have set its eyes on a U.S. collaborator eyes on a U.S. collaborator —
Sikorsky, for choice — on the
view that this would form a
more stable marriage.

The company has quite a lot to

for naval belicopters; and some should start to improve sub-stantially after the end of next year, when deliveries get under way on a programme of Sea Kings for the Indian Navy. Fur-ther ahead, there are high hopes for a new generation of anti-submarine and utility helicopter

and existing shareholders would join with a new associate and the British Government to create a new Westland—with a clean balance, sheet, a steady workload, and a broader technological and commercial base. But that will involve getting a lot of ducks in the air at the same time—and the clock is

Museum charges in Britain

The wrong way to ask visitors to pay

By Walter Elkan

AT THE beginning of November the Victoria and Albert will be the first of the large London museums and of tend to go to the Science and Museum, the Imperial War galleries to request visitors as they enter to make a voluntary donation of a specified amount. The museum proposes to ask adults to donate £2 each. The Government is now encourag-ing, or even obliging, museums to find ways of supplementing their Exchequer grants, and it aunounced in July that in future they would be allowed to keep what they camed in whatever way they chose to earn it.
What the V and A proposes
is perfectly justifiable, but the
way it intends to go about it
leaves something to be desired. not the visitors but museum staff who are apprehensive about the idea of asking visitors

Note that what is proposed is a specified donation, not an admission charge. Admission charges were tried in the early 1970s but they were so disliked that aftee only three months they were abandoned following the "miners' election" of Pebruary 1974 in which Labour had promised to abolish them. The National Maritime Museum reintroduced admission charges last year, but only after ensuring that local residents would be exempted, and that the charges would not result in a reduction in the numbers who came from further afield. came from further afield.

In principle, it is difficult to object either to admission charges or requests for specified donations. Remember that many of the taxpayers who currently provide the £80m to finance the centrally funded museums are quite poor, while the museums' visitors are predominantly the middle classes. Why should the poor finance the pleasures of the

An English Tourist Board survey showed that in 1981 24 per cent of British adults visited a museum at least once. Of the total, 41 per cent were from the From the company's viewpoint, probably the only solution
would be a collaborative
approach in which the banks
(AB), 31 per cent were white-(AB), 31 per cent were white-collar workers and only 14 per cent were from the socio-econo-V & A, the British Museum and the Tate the proportion from

Museum and the National Mari- Even so, that \$4.50 often time. There are also, of course, causes resentment, which it very large numbers of foreign risitors. They come mostly from countries where they are accustomed to being asked to pay and perfectly able to do so. Again, there is no good reason why "poor" taxpayers should support more affluent tourists from abroad. It is, on the whole,

But there is, in any case, a difference between charging outright for admission and encouraging visitors to make a specified donation. A voluntary specified donation. A voluntary donation is surely preferable. No one has 10 pay, let alone the amount suggested. It is simply an extension of the collecting boxes already found in all museums. Such an extension is long overdne because what is currently deposited in them is derisory. In 1980 10m visitors to the National Gallery, the British Museum, the Tate, the V & A and the National Portrait Gallery placed the lordly total of £3,063 in their collecting boxes. Since then, there ing boxes. Since then, there has been a drive to make the boxes a little more ronspicuous so that the BM, for instance, has collected over £30,000 in less than a year. But the BM also bad over 3m visitors, which works out at one penny a bead. It could surely hope to do better.

One way which is virtually certain to lead to an increase in the amount donated is to have the collecting boxes manued. It is not quite so easy to ignore human beings as unmanued inanimate boxes. Nor will many people object to a specified amount, provided it is regarded as reasonable.

That is what the V & A bad in mind. One must wish them every success. There are, howcent were from the socio-economic categories DE—the unakilled and the poor. For the V & A, the British Museum and the Tate the proportion from the top socio-economic group was even higher.

Insofar as the less affloent go to London museums at all, they such as a lotter of the top socio-economic group was even higher.

Insofar as the less affloent go to London museums at all, they such as a little charges, no-one who really objects or cannot afford to pay will stay away. One must hope and pray the V & A scheme will be a success. If it is not, others will be deterred.

Wohn Elkan is protessor of execution to 50p for children, students and OAPs, is still of course be free to donate less. The Metropolitan Museum acanomics at Brunel University, West london.

(c£3). But in America average incomes are very much bigher.

Secondly voluntary should mean voluntary, and there are indications that the V & A intends to put people under a good deal of moral pressure. This is in marked rontrast to Salishum. Cathedral which has Salisbury Cathedral which has really been the pioneer in all really been the pioneer in all this: from March to October it asks sightseers to donate 60p (30p for OAPs and children)—with a maximum of £1.80 for families. If anyone demurs, objecting perhaps that a eathedral is a House of God which one should not have to pay to enter, he or she is at once uphored in and with great ushered in, and with great courtesy. Donations in Sallsbury are truly voluntary.

Thirdly, there will be about 10 pald employees. At Satisbury it is all done by the Cathedral's Friends. There are many women whose children are at school or grown-up or men retired from their jobs who would welcome the opportunity to give part-time voluntary service and to be in contact with others who share their interest in the arts. To use volunteers would take some organising, and one would need one or two pald organisers. But that may be preferable to a staff of 10.

In brief, neither admission charges nor voluntary but specified donations will do more than supplement the grants which museums must continue to re-ceive from the Government, But it does not seem intrinsically wrong to expect visitors to conwrong to expect visitors to contribute a little more tban a peuny a heod. Provided the amounts sought do not deterpotential visitors, it is difficult to see what the objection is, Contributions from the public will give the big London museums and galleries a little more elbow room. If genuinely voluntary donations are chosen in preference to admission in preference to admission charges, no-one who really objects or cannot afford to pay

Secret exchange rate aum

From Dr J. Bray MP Sir,—In abandoning the medium term financial strategy the Chancellor has acknowledged the error of that concept for which he was largely

responsible. But be appears as confused as ever.

The Chancellor seems realistically to have given up hope of establishing the credibility of any measure of the money supply which could take the supply which could take the main burden of acting as an

main burden of acting as an intermediate target.

He now says further that money GDP cannot be an intermediate target. That is fair enough. It does not fulfil the operational requirements of being continuously or even quickly measurable. It is also out as a final objective since "the inflation rate is judge and jury." Its rejection as a final jury." Its rejection as a final objective will upset Mr Samnel Brittan, but no one else. There is no reason why the Government should seek to reduce real

But, the Chancellor says, reasonably enough, "it remains operationally necessary to conduct monetary policy through the use of intermediate targets taking account of relevant information such as the behaviour of the exchange

hehaviour of the exchange rate."

This use of intermediate targets may be just a matter of official judgment as your leader (October 18) expects, or it may not. It may look at the levels, or just the rate of change, of the exchange rate, or both. But the logic will be kept secret, and neither the financial markets, nor industrialists, making longer term investments, will be given any indication of the real or nominal exchange rate at which the Government is aiming or expecting.

expecting.
So in forming their expectations economic agents will have
no information on the intended
course of Government policy in the shorter or longer term, except that it is against inflation. Taken literally on its own, that would mean forcing the exchange rate up again to even more uncompetitive levels, artificially to keep down prices at the cost of further loss of output and employment. I would not expect such folly even of this Government.

this Government.

A rationale can be given to the Chancellor's words and actions by the use of some such arguments as I set out in the reasury and Civil Service.

Select Committee (1932-831) International money arrangements. It sets out the use of the exchange rate as an intermediate target along with other intermediate targets and final objectives, including imfation. The Treasury now have the methods working on the Treasury model.

I shall not embarrass the Chancellor by asking if he is

Letters to the Editor

now running this apparatus operationally, to give guidance on policy. But I would point out that the one aspect of the medium term financial strategy for the Treasury to ease its that does remain valid is the value of announcing the quantitative basis of government policy in the short and medium terms. That the Government is not now doing.

The Chancellor voted for my

The Chancellor voted for my amendment to the Industry Act 1975, requiring access to the Treasury model. Let him now follow through the logic of that act hy giving markets access to the apparatus and guidance by which they can form rational expectations of future Government policy in the more complex phase on which it is now embarked. There are good grounds for believing such expectations would lead to a more steble and better aligned exchange rate—rather better grounds than the Chancellor had for the original medium term financial strategy.

(Dr.) Jeremy Bray.

(Dr) Jeremy Bray. House of Commons, SWL

Tight rules low demand

From Mr K. Starling
Sir.—The item entitled
"Demand for loan schema at
record low" (October 17) while
I am sure is factually correct,
is potentially misleading.
Having lost more than £60m,
with a failure rate of some one
in five companies supported,
the Government "ran for
cover" last year. The rules
were rightened up to such an
extent that it is hardly surpristing that demand is now at a
record low. In a cypical
moment one might suggest that
the scheme to all intents and
purposes was condemned a year purposes was condemned a year ago and the deliberations now under way are merely cosmetic.
What ever comes in place of
the present scheme will hopefully be better thought out and
not simply left in the hands of
bankers and divil servants.

Thus, employing remarkably twisted logic, you appear to be applauding the exercise of monopoly and monopoony power purely for political reasons by the gas and electricity industries, while denying any such privilege to the coal industry. The result of rising electricity prices and falling coal prices will, of course be super profits for the electricity industry (no cheaper electricity for the consumer) a perform for the consumer), a performance which will probably be taken to indicate "efficiency." Part of these monopoly monopsony super profits will then be levied by the government and passed back to the

coal industry under the label of "subsidy"! How anyone can pretend to rely on such a "market" to generate rational allocational signals for energy industries is

beyond me.
Philip Wright.
University of Sheffield,
85, Wilkinson Street,
Sheffield.

Market economies and Governments From Mr P. McGregor

Sir,—Now (October 17) that Samnel Brittsm has explained to us that his real love is double entry book keeping rather than economics, perhaps he should be invited to explain it to the Japanese who clearly do not understand it since they seem to find no difficulty in building up a massive trade surplus with-out the yen reaching uncompetiout the yen reaching uncompetitive levels. No don't they would
have found a way of doing so
had their exports been oil
rather than other visibles. Or
perhaps, more usefully we could
invite a Japanese to explain why
they do not believe in double
entry book keeping, at least not
when dignified as pseudoeconomics.

dealing Treasury-style, with sweetyshop bookkeeping, we can remind ourselves and Samuel Britain that neither the world nor the national econo-mies are zero sum games, which mies are zero sum games, which is what his accounting analogy was really suggesting. Indeed it is the strength of the market economy system that this has been so conclusively demonstrated. But market economies do not function when Governments make daft decisions which create havoc among businesses. This is especially which create navoc among businesses. This is especially true of supposedly supply side Governments which do not even ensure supply.

People like the Lord's com-

privatisation, and to raise cash for the Treasury to ease its battle with spending departments, your correspondents claim that "Electricity prices would probably also rise for competitive reasons" (sic). Then, in the editorial, you proceed to advocate falling prices for coal, again for "competitive reasons." (sic). Then, in the editorial, you proceed to advocate falling prices for coal, again for "competitive reasons." (sic). Then, in the editorial, you proceed to advocate falling prices for coal, again for "competitive reasons." (sic). which the Government is doing nothing like enough to rectify. This is why there is some shortage of spare capacity now, and why it is hard to ace how "as the cil streplus runs off, the balance in non-fuel trade, including manufactures, will improve again."

Peter McGregor.

Ducres. Troutstream Way.

Dacres, Troutstream Way, Loudwater, Herts.

Technological

future From the Editor, The Engineer Sir,—Samnel Brittan's elo-guent attack on the House of Lords select committee on over-seas trade (October 17) cuts little ice. For Mr Brittan's elegant economic theory and faith in the balance of trade both ignore one vital fact.
You cannot turn manufacturing industry's competitiveness and inventiveness on and off like a tan

and inventiveness on and on like a tap.

Of course when the oil sur-plus runs down, the effect on the pound will be favourable for instinationing industry's trade. But that trade also relies on having the right products for the market place: the tech-

nology is as important as the The worry which the report accurately pinpoints is that the erosion of the manufacturing base and the comparative lack of investment in research and development will leave Britain technologically ill-equipped to get the right products to the right markets at the right prices.

Already the evidence from the government's statistics is that the trade deficit in manu-facturing is at its worst in high technology sectors such as elec-tronics and computing. If there are fundamental gaps already in our mational technological competence, how can we face economics.

Of course there is a sense in that manufacturing industry which there has to be a short-term accounting payments belief by the decline of oil?

John Pullin. In discussing the possibility whole, But since we are not 30 Calderwood Street, SE18.

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FINANCIALTIMES

Wednesday October 23 1985



Finnish group to acquire **Electrolux** operation

By Kevin Done, Nordic

OUTOKUMPU, the Finnish stateowned mining and metals company, is negotiating the takeover of Electrolux's manufacturing operations in semifinished copper products and copper tubes in a deal worth more than SKr 600m (\$75.5m).

The acquisition will make Outokumpu the biggest single copper processing company in the Nordic region and it will become one of the market leaders in Europe.

Outokumpu is planning to take s 70 per cent shareholding in Granges Metallverken and Wirsbo Bruk, which have been subsidiaries of Electrolux, the Swedish bouse-

workforce of 2,600. It manufactures and markets a broad range of semifinished goods made of copper and brass. It is the world's leading supplier of thin copper and brass. plier of thin copper and hrass strip for vehicle radiators and heaters with about 15 per cent of the world

Wirsho had a turnover of SKr 957m last year and a workforce of 1.250. It is one of Europe's leading manufacturers of copper, steel and plastic tubes and produces systems for ventilation and sanitary installations, district heating and indus-

Together the two companies ac counted for some 10 per cent of Electrohur's group turnover of SKr 34.9bn in 1984.

Electrolux acquired the troubled Granges group of companies in 1980 for SKr 725m after Granges had been on the verge of financial collapse for several years.

It took on one of the most far-reaching corporate restructur-ing tasks in Swedish industry. It gradually liquidated all Granges'

involved in aluminium production sintered steel products, the mano-facture of car seat-belts and the Metallwerken and Wirsbo operations.

The whole Granges operation accounted for some 21.5 per cent of Electrolux sales in 1984 and some 16.4 per cent of group operating

The disposal of the copper fabricating operations will belp strengthen Electrolux's finance

French employers seek cuts in corporate taxes

BY DAVID HOUSEGO IN PARIS

three-year programme of cuts in corporate taxes to improve the competitiveness of French industry.

The initiative of the CNPF is timed to influence the election programmes of the political parties which are now being finalised for the March parliamentary elections.

Both the Socialists and the rightwing opposition are in favour of fur-ther strengthening corporate profitability to encourage investment – a process that began two years ago after a long period in which the corporate sector was squeezed to maintain household living standards. But there are strong differences between the parties on how far the process should go and where tax cuts should be made.

of Electrolux, the Swedish bouse-bold appliances concern, since 1980. Granges Metallverken had sales last year of SKr 2.674bn and a

THE FRENCH employers' federation (the CNPF) has proposed a annually.

It argues for cuts in the standard

The CNPF bases its arguments for concentrating tax cuts on the corporate sector on the premise that this is the most effective way FFr 40bn a year is needed to prevent any net increase in foreign this year FFr 48bn. debt.

The CNPF rejects the continuing pursuit of the Socialist administrathe grounds that these will not suf-

It also rejects the policies put forannually.

It believes 80 per cent of these reductions should go to lightening the tax burden of the corporate sector.

It aggrees for cuts in the decisions the difference of the corporate sector.

excessively deflationary.

The opposition is broadly agreed corporate tax, a reduction in the taxe professionnelle – a type of payroll tax – and reductions in employers' contributions to family benefits.

The opposition is incoming agreed on trying to cut public expenditure by 1 percentage point of GNP a year. But it is divided on how these savings should be split between reducing the hudget deficit and corporate and personal tax cuts.

The CNPF believes that the additional cuts in public expenditure can be found through savings in soof improving France's export per-formance and thus reducing foreign in the number of public employees in the number of public employees indebtedness. The employers claim and a cut in public aids to industry. that a trade surplus of FFr 30bn to Subsidised interest rates for industrial lending will cost the Treasury

The employer's proposals are presented in a non-aggressive tone which is intended to avoid giving oftion's macro-economic policies on fence to the main political parties or the unions. The CNPF makes ficiently encourage a pick-up in in- bare mention, for instance, of emdustrial investment and thus an ployers' hopes that a new governadequate turnabout in the trade ac- ment will make it easier for companies to declare redundancies

EEC ministers set targets for increased imports by Japan

BY QUIENTIN PEEL IN LUXEMBOURG

EEC FOREIGN Ministers yesterday set out their targets for forthcoming trade negotiations with Japan, calling for a quantified increase in imports over a specific period of time, to complement the Jap-Government's actionprogramme to open up its domestic

At the same time, they issued a conciliatory statement on trade relations with the U.S., expressing concern about the proliferation of trade disputes on issues such as steel, cereals and citrus fruit.

shipping, glass and railways. In 1981, it sold off the company's hydropower assets for SKr 1.2bn.

Since then it has concentrated activities in five industrial companies. ment on Tariffs and Trade (Gatt) -

pan, approved by the Council of Ministers is intended as a guideline for the European Commission in talks to be beld in Tokyo

Apart from seeking specific fig-ures for increased Japanese imports of manufactured goods and processed agricultural products, the ministers are looking for: • Further steps to stimulate do-mestic demand in Japan;

· A value of the yen which "more closely reflects the fundamental strength of the Japanese economy";

Speeding up the liberalisation of financial markets;

• Setting a timetable for early implementation of all aspects of the action programme.

The ministers welcomed the Japanese intentions to open up the domestic market, but doubted that the

The negotiating position for Ja- sai of the increasing trade

imbalance.
On the U.S., the ministers "noted with preoccupation" the U.S. move to open proceedings in the Gatt against EEC export refunds for wheat, and instructed the Commission "to take the appropriate steps to defend Community interests. This is understood as guidance for the Commission to take counteraction against U.S. agricultural ex-

However, the tone of the statement on U.S. trade is generally cartious, and the ministers "considered it important to avoid the prolifera-tion of points of bilateral dispute with the U.S."

They welcomed the latest U.S. move on EEC wine exports, in which the U.S. International Trade Commission found there was no and processing, steel castings and in spite of the opposition of France practical effects of these measures threat of material injury to U.S.

Talks falter on Med trade

BY IVO DAWNAY IN LUXEMBOURG

yesterday to agree on a common negotiating position over trade talks by Greece, continued to resist a Euwith 11 associate Mediterranean

During talks with the ministers in Luxemburg, Mr Shamir warned that it was "more vital than ever" for farmers and businessmen to know what access they would be allowed to EEC markets after the copper mills in the U.S. last year. | accession of Spain and Portugal.

profits slipped to \$2.7bm, or \$8.24 a

share, from \$3.8bn, or \$11.51, on

credit finance subsidiary, it had to

bear extra costs from new invest-

EEC FOREIGN ministers failed However, his appeal appeared to agreement, involving EEC financ-

Identity of Elders bid backers sparks row

Continued from Page 1

they were Mr Boh Cowper, a former unring the third quarter, although the results were depressed somewhat by the aggressive low-interest rate sales incentive schemes in September.

Net income for the quarter amounted to \$518.5m, or \$1.46 a share, against \$416.8m, or \$1.31, in the same period of last year. Sales rose to \$22.5bn from \$18.5m. tralian group has built up its 6 per hanks. cent stake in Allied.

revenue that rose to \$71.7bn from Elders still declined to name the other banks backing the bid but in the IXL companies because it Some Wall Street analysts had those are understood to be: Bankers Trust, Hong Kong and Shanghai covenants that prevent its subsider Bank, Dresdner Bank, Paribas, jaries from making security arbeen expecting somewhat higher earnings because of the strength of Creditanstalt, the Canadian Imperi-rangements with hanks as part of sales and expected gains from foreign exchange. However, while the Detroit-based group conceded that al Bank of Commerce and the Bank of Nova Scotia. it had been helped by the dollar's fall and record earnings from its

Hill Samuel, Elders' merchant all the shares in the group.

It said the deal had been struc-Elders director, and Mr Richard tured in that way for three reasons. Wiesener, a former director of an to keep the debt involved in the bid Elders subsidiary. Both live in Mo-off Elders' balance sheet, as a prenaco and act as advisers to Elders. caution against possible Australian
They are also co-owners with Eltax changes; and because of the naders of Windermere Securities, a ture of a security package that company through which the Ausformed part of the deal with the

> Elders had taken minority stakes was bound by "negative pledging any financing deal.

Hill Samuel said Elders would be bank adviser, said that Elders had obliged to disclose its backers in its the "ultimate economic interest" in formal offer document, due to be IXI, since it had call options to buy published during the next three

Pressure mounts for **UK** bailout of troubled Westland

By Peter Riddell in London

BRITISH defence ministers yesterday declined to give definite guarantees of possible support for Westland, the financially troubled helicopter producer. However, the Gov-ernment is closely involved in dis-cussion about the future of the com-

pany.

There is considerable pressure. both from the Department of Trade and Industry and from MPs of all parties, for a commitment from the Government. The Ministry of Defence has so far been cantious, while recognising that there may have to be some public sector participation in any package.

During defence questions in the House of Commons, Mr Norman Lamont, the Minister for Defence Procurement, was non-committal in face of calls for continued backing for Westlands from MPs on all sides of the House.

The Ministry of Defence is adopting a wait-and-see attitude, depending on the outcome of current talks involving the company, its financial advisers and possible partners such as the U.S. company, Sikorski, and Bristow.
Within Whitehall some Ministers

and officials have argued that in view of the worldwide over-capacity of helicopter production there is no necessity for a British-owned pro-ducer. The Ministry of Defence's priority is to ensure that a British capability is retained for the supply of spares and support for existing helicopters being used by the

Mr Lamont told the Commons he was still hopeful of a decision shortly from the Indian Government for an order of Westland belicopters and said £85m of trade and aid support was still available to the com-

Later, Mr Lamont defended the Government's record in backing Westland, with 580m (S115m) of orders currently for new belicopters and £60m for spares and support. He stressed that the Government had provided large sums of money and wanted to encourage the company in export markets. His comments came in reply to

ing, not only from Labour and So-cial Democrat/Tiken repeated calls for continued back-MPs, but also from senior Tories such as Sir Anthony Buck, the chairman of the Tory backbench defence committee, who said it was vitally important to preserve an indigenous capability to build helicop-

Digital's earnings down 6%

By William Hall In New York

DIGITAL Equipment Corporation, the world's second largest computer manufacturer, yesterday reported a 6 per cent drop in its first quarter cheered its shareholders by indicat-ing that it was doing better than most in the protracted slump in the

nesses want and need most." Net-

computer industry.

Digital's shares jumped by \$4% to \$110% in early New York trading yesterday. Mr Kan Olsen, chair-700 IPARS terminals are being installed in the USA and Canada to handle reservaman, said that his company was faring better than most because of its ability "to deliver the high speed networking solutions that busi-

works were used to automate the factory, office, design and engineering departments and laboratories.
Digital specialises in integrating these local networks into a single, company-wide system that will en-Airline, is installing a Fer-ranti Information Display System at Lisbon Airport. able all sizes of computers to talk to each other, share their workloads

Digital's revenues in the three months to the end of September rose from \$1.5bn to \$1.6bn. Partly due to a higher tax charge, its net income from operations fell to \$72.3m, or \$1.20 per share, from \$81m or \$1.38 per share.

Chemistry keeps alive Club of 47

Continued from Page 1

and Zimbabwe, to say nothing of the developed members such as Australia, Canada and New

ain's partners would issue a sepathat keeps the edifice from collaphas always been questionable. But rate communique on sanctions was instrumental in persuading Mrs ties, such as the Commoowealth government usually part after a Thatcher to make her small gesture Fund for Technical Co-operation week of plain speaking with a much of banning the import of Kruger- (CFTC), which is scheduled to greater understanding and respect rands and suspending the funding spend \$38.7m in 1985-86 on projects for each other is probably the best of trade missions to South Africa. It to help the developing members, justification that can be found for seems more than likely that she are no doubt very worthwhile. But the Commonwealth's continued was worried by the effect on her do- they would not, by themselves, existence.

interest in maintaining good relamestic public opinion that such an keeping the association in being tions with countries such as Nigeria isolation of Britain in the Common It is the much criticised talking. wealth would have.

It is the much-criticised "talking sbop" provided by the beads of gov ernment meetings that keeps the The pressures on countries to association going. Whether the res-Zealand. reach agreement are, therefore, olutions passed at such conferences. The prospect that most of Brit considerable and are the cement have any lasting practical effects

THE LEX COLUMN

Funds of funds swim ashore

Yesterday's setback in the equity market may reflect no more than the threat of defence cuts, nervousness in advance of ICI's third-quarter profits and nasty rumours about banking losses in the Far East. But there was also at least a hint that takeover fever is abating. Keep taking the tablets.

Fund of funds

rmancial Times Satisfied Action 18, 1800

In its last remaining months as the judge of what is permissible in a unit trust, the UK Department of Trade and Industry is making full use of its dictatorial powers. It is today to authorise a new category of unit trusts, the fund of funds, which breaches all the previous rules about not investing in other unit trusts, not investing in unlisted stocks, and not putting more than 5 per cent of your money in any one security. It has done all this without consulting the Unit Trust Association or the fund management industry as a whole.

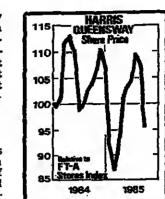
Lucky Grieveson Grant ends up with a highly marketable new product, while Framlington, which mistakenly assumed that rules were rules, finds itself with a fund doing much the same but with the taint and expense of an "offshore" label. The DTI argues that it is not empowered to make formal rules; to have discussed the principle would have removed the commercial advantage of those groups that had

New idea? Royalties, please, to Mr B. Cornfeld. The department is not anxious to bave bis name associated with the new kind of fund, and has insisted on strict safeguards to avoid a repetition of the IOS experience. At the same time, however, it is setting a precedent for overturning these safeguards in the future, and without public

Harris Queensway

The award of a knighthood to Sir Philip Harris in June may have helped to mark his move from carpet king to figure of the establishment. Now his group is going through the same, possibly painful, transition. Harris Queensway, whose interim results came out yesterday, is promising jam tomorrow in exchange for heavy capital ex-penditure today.

The half-year results, showing pre-tax profits up 11½ per cent (excluding property disposals) were of company. In the past three good enough to put 8p on the months alone it has added two fur-lawers have to prove, if the battle is shares. But turnover on a like-for- niture companies to its portfolio to be won in court.



like basis was only 5 per cent ahead the past few months should support for a company used to rather more interested in organic profits sparkling sales growth. Undeterred, growth. Hillsdown already knows Sir Phil is pressing ahead with re-furbishment, store expansion and acquisitions in that area make a reorganisation in a five-year plan tidy fit. Pyke, meanwhile, brings a intended to transform an entre-string of catering clients and an enpreneurial, rather fragmentary pertise in portion control which can company into something with more central direction.

The decision to buy out the erst- good. while Debenhams' stake in their furniture joint ventures is part of Hanson/SCM the tidying-up policy. The idea is to end up by 1990 with four divisions -carpets, furniture, electricals and textiles - turning over more than £1bn between them.

ft is a brave but expensive strategy. Capital expenditure this year and next will take its toll on profits through a much higher interest charge, with the benefits not projected to come through until year three of the plan. In the meantime, the joint ventures, whose profits on-ly just covered interest charges in the first half, should contribute rather more. The recent acquisitions could help to push profits up to around £40m in this 13-month accounting period (about £37m on an annualised basis) and perhaps £45m in the following year.

While applieding the audacity of Sir Phil's designs, though, share-holders must be wondering whether his increasingly cyclical businesses will not reach their peak capacity just as the next recession hits. The shares, on a prospective p/e for this year in the high teens, do not seem to discount the risk.

Hillsdown Holdings

and picked up a 10 per cent bolding in OEM, the office equipment group. So yesterday's announce ment that it was making an agreed offer worth £17.3m for Pyke Hold-ings, the meat supplier, looked at-

most routine. Hillsdown has never been show about doing deals, as anyone who read the January offer for sale pros-pectus will know. But it is one those to buy tired old food companies and inject new life; it is quite another to tackle the upholstered furnital business or pay fancy earnings must tiples for companies which board is record as strong as Hillsdown

Yet, paradoxically, the deals of only be of benefit to Hillsdown's other meat businesses. So far, so

It must be fairly unusual, even in the U.S., for a defending chairman to appear in the witness box for the purpose of talking down the value of his company. In the cause of justifying SCM's lockout agreement with Merrill Lynch, however, that chairman of SCM has been softpedalling the virtues of spices and titanium in a manner characteristic of an aggressively tight-fisted hid-der - like SCM's present adversary,

Hanson Trust.

Though SCM's incumbent board may have doubts about the long-term prospects for spices, they seem not to be shared by compe-nies like McCormick and Borden who are reported to have offered over \$100m or SCM's food division. As for titanium pigment plant, talk of a going rate in recent deals of \$1,000 per ton of capacity is not only less than SCM was itself prepared to pay for Laporte's titanium dioxide business last year, but around half the current cost of commissioning new facilities.

However crucial to the interests, of shareholders, these arguments over the value of SCM's crown jew els may have only a tangential bearing on the legal issue of con-

NEWS

BUSINESS

Airport orders for Ferranti

As a major supplier of airport and airline computer-based products, Ferranti Computer Systems, Wythenshawe Division, continues to receive orders for systems and ser-vices worldwide.

tions and airport check-in under a contract with British Airways worth £1.5m. At London Heathrow, multiple Ferranti Broadband cable systems will carry data, audio and video information for British Airways and the British Airports Authority. And TAP, Portugal's National

Mobil pumps

The Dalkeith-based Fuel Dispensing Group of Ferranti Industrial Electronics has received orders worth £428,000 to supply Mobil Oil Company Limited with Ferranti 'Auto-court' 7000 series pumps for use with petrol and diesel fuel oils. Standard Ferranti KOU85

kiesk control units with inter-face cards for point-of-sale terminals are included in the Briefly . . .

The range of Super E-Line bipolar transistors and small signal MOSFETS from Ferranti Electronics is now available preformed for surface mounting applications. Mitel Telecom has signed an agreement with Ferranti Com-puter Systems, Wythenshawe Division, to market Europe's leading voice mail product, the Ferranti Voice Manager.

ADVERTISEMENT TELECOMMUNICATIONS

A new Omni PABX

Closely following the intro-duction of the Omni-S1 earlier this year, Ferranti GTE announces the launch of the Omni-S3, a larger sister PABX which handles up to 2,048 lines. The distinctive feature of both digital exchanges is that they are able to switch voice and data via completely separate buses or highways. separate buses or highways.
This marketing philosophy
has produced a PABX range which, although right up to date in its conception of what potential customers are in-1980s and 90s, is nevertheless

hased on the proven software of an existing PABX, the GTD Most PABXs handle voice and data traffic by circuit switching methods. The Omni, in a size range from 40-2048 lines. echoes the current trend in PSTN (public switched telephone network) development in switching voice and data by the most suitable rechnique without any interference hetween them. This is a benefit significant to telecommunications and DP pro-fessionals who are planning present and future voice and data networking.

COMMUNICATIONS Voice messaging

Ferranti has introduced a low-cost addition to its Voice Manager range, a comprehen-sive voice messaging storage and retrieval system. The new Voice Manager is titled the VM 100 to indicate its nominal capacity of 100 voice mailcapacity of 100 voice main-boxes and its suitability for smaller organisations. The Voice Manager works with popular PABXs to pro-vide an efficient electronic

voice mail and dictation service for firms concerned with dramatically improving office productivky. It can be

operated from either internal operated from either internal extensions or external telephones, allowing employees, away from base to maintain efficient contact by means of a small portable tone generator.

The VM100 from Ferrant Computer Systems

Computer Systems, Wythen-shawe Division, heralds a sig-nificant drop in the price. performance ratio of com-puter-based voice messaging systems. Such a system with and up to six hours of storage is available from £19,000.

The good news is FERRANTI Selling technology

Zanussi, the loss-making Italian to the negotiations. producer of household appliances, big step in the growing internation-

For Outokumpu, the deal marks a

alisation of the group, which has in-cluded the purchase of two small

U.S. car manufacturer, registered a purchases.

The group bad been expected to

report stronger earnings because last year's third quarter was badly

disrupted hy a strike over a new

three-year labour contract. In con-

trast, it has operated this year at high production levels to cope with

the demand created by a promo-

however, that the favourable im-

part of bigher output had been "largely offset" by the additional

costs of the incentives, which pri-

marily offered customers a 7.7 per ments in facilities

World Weather

The company said yesterday,

tional campaign.

GM profit rise lower

than expected at 24%

GENERAL MOTORS, the largest cent interest rate on new vehicle

Italy claimed that the terms under discussion would hurt Italian

ropean Commission plan allowing finalised.
the Mediterranean countries a The Con

which had become strained after a countries, despite an urgent call the Mediterranean countries a rapid series of takeovers in recent years, including the acquisition of li Foreign Minister, for a rapid start duties on fixed quantities of farm farmers already threatened by gued strongly that the deal need not Spanish and Portuguese accession. be linked with the co-operation And it said that the trading accord package because this does not should not be completed before de- require approval until next sum-

tails of a broader co-operation

The Commission, backed by the pleted before enlargement takes place in January. Furthermore, West Germany and the UK have ar-

Less rigid approach to central planning

BY DAVID BUCHAN

1: 13X

a year for every single Czech accelerating, changa in ecoand Slovak, the pollution eating into the Baroque statues on trade fairs, the man-made blight on the forests of northern Bobemia—all mark Czechoslo-vakia out as a country with a distinguished Industrial past and present, at the same time showing soma acute symptoms of industrial middla age.

Parallels with Britain are not far-fetched. Czechoslovakia bas in Comecon (which takes 75 per cent of its exports) tha secure and undemanding mar-ket Britain once had in its empire. It still has a beavy industrial and engineering base —covering some 70 per cent of the major product lines traded in the world — that Britain bad, before recession, Mrs Thatcher, and EEC integration for the more of tion forced it to specialise.

It bas brainpower, but, like can bny. This makes it all the Britain, complains that its best more necessary for Czechoslo-inventions often find a home vakia and its Comecon partners inventions often find a home elsewhere, such as the Czech to pool their technology repatented soft contact lens sources, and at the same time, developed in the U.S. It faces to exploit to the maximum the stagnation in steel, and contraction in the mining of its sulphurous brown coal, of the sort that Britain has recently undergone in speedier, but more brutal, manner.

The only truly catalytic chain of events in Czechoslovakia permit direct foreign investment in the form of joint ventures. It is also pressing britance in the form of joint ventures. It is also pressing britance in the form of joint ventures allow more of its glass, ceramic, shoe and other industrial con-

STEEL OUTPUT of one tonne lisation"-retarded, instead of

Yet, the glacier is moving reforms going under its moving again. Four years ago, modest reforms going under the anotype rubric of "the set of measures," were instituted. Central planning has become less rigid, particularly in agriculture, and closer links bave been forged between manufacturers and present, at the same time showing soma acute symptoms of industrial middla age.

Yet, the glacier is moving again. Four years ago, modest reforms going under the anotype rubric of "the set of measures," were instituted. Central planning has become less rigid, particularly in agriculture, and closer links bave been forged between manufacturers and their foreign markets. So far, however, there has been little success in widening wage differentials (to create incentral particularly in agriculture, and closer links bave been forged between manufacturers and their foreign markets. differentials (to create incen-tive) and in encouraging one-man-private businesses (to plug the gap in services).

> seemed stalled, for lack of suffi-cient political weight behind the process in President Gustav Husak's Government, outside Husak's Government, outside pressures for change are asserting themselves. From the West comes the tightening of controls on what Western high technology Czechoslovakia (and other Soviet bloc countries) can bny. This makes it all the more necessary for Czechoslo-

Czechoslovakia TRADE and INDUSTRY Just as further reform

sumer goods into the EEC market — making it likely that, if and when Comecon and the EEC reach a framework political accord, Prague will be one of the quickest to negotiate a bilateral deal with the EEC.

From the East comes a more significant agent for change, Mr' Mikhail Gorbachev, whose most signal impact on Eastern Europe so far has simply been to make the idea of reform acceptable. The apparent substance of his reforms—to make

central planning more efficient on acquiring imported pocket general Western credit squeeze—suits the Husak Government computers or following the which is not disposed to fortunes of their country's Polish and Romanian financial click Hungarian-style market tennis super-stars.

fisk Hungarian-style market socialism.

The style of Mr Gorbachev, with his televised walk-abouts. These ripples across the political waters, leading perhaps to a gentla wave or two at may jar with that of the staid. Prague leadership but, for precisely that reason, it has rekindled a sense of political communist Party congress, coincide with better economic times since the recommic times since the recommic times since the raw materials made it necessary for larger deliveries of czechoslovakia's technocrats and yooth. Hitherto their attention has been more focused to the ripples across the cut imports, which in turn affected industrial output, wages and the standard of next March's Communist Party congress, coincide with better prices for Soviet energy and conomic times since the excitement iong lacking among czechoslovakia had no hard currency surplus on its trade and yooth. Hitherto their in 1981-82, it was hit by the Recovery from this double

Mr Gustav Husak, President of Czecboslovakia and the head-

quarters of Motokov, the foreign trade organisation for road vehicles

Growth in industrial output in selected sectors (100 = 1948)

	1970	1980	1983
teel	608	962	909
ngineering/electrotechnical industry	1,414	2,925	3,306
hemicals/rubber	1,534	3,270	3,481
onstruction materials	872	1,486	1.492
oodprocessing	544	1,027	1,100
lass, ceramics and porcelain	511	909	961
extlles	350	554	586
eather	395	622	643
ood	371	534	552

disadvantage has been painful, but steady, with national income rising by 2.3 per cent last year. This year the same percentage growth is again planned. Much improved harvesis, including a record 12m tonne grain crop last year, coupled with a very cautious approach to importing from the West, have pushed the country into sizeable surplus on its hard currency trade — around \$10m in 1983, more than \$800m last year and about \$550m in the first half of this year.

Only part of these gains have

Only part of these gains have been passed on immediately to the population. Overdue price rises in such staples as petrol and the excellent Czech beer meant that real wages (which fell 2.3 per cent in 1982), increased only by 0.8 per cent in both 1983 and 1984.

Living standards, are high by Comecon standards, food is plentiful and cars are in reasonable supply. Alone among Soviet bloc countries Czechosiovakia lends money to consumers to buy cars (Skodas, of course). This situation has ot course). This situation has long applied, however. More worrying is that last year's level of domestic absorption of the national income — in other words, total satisfied demand for material goods and services —was still 2.8 per cent below its 1980 peak.

Instead, the trade surplus has been mainly directed towards achieving one of the Husak government's "strategic" goals: reduction, and, in prices for Soviet energy and raw materials made it necessary for larger deliveries of industrial and consumer goods to be shipped eastwards in payment.

Recovery from this double goods: reduction, and, in net terms, elimination of, the country's hard currency debt. The exact size of this is a state secret, but Western sources put gross debt at the end of last ment.

Recovery from this double debt (with Czechoslovak assets

Source: 1984 Statistical Yearbook.

paper claims on financially strapped trading partners like lraq are not easily or imme-diately cashable.

Czechoslovakia has drawn from the experience of Poland, Romania, and even Yugoslavia, the lesson that it was quite right to be a cautious borrower in the 1970s' East-West trade boom. It has redoubled its caution since then, taking out in the past three years only two syndicated euroloans (\$50m organised by Deutsche Bank in 1983 and \$100m ied by Credit Commercial de France this summer) though all the while it has been using standard it has been using standard bank-to-bank loans and suppliers' credits for trade.

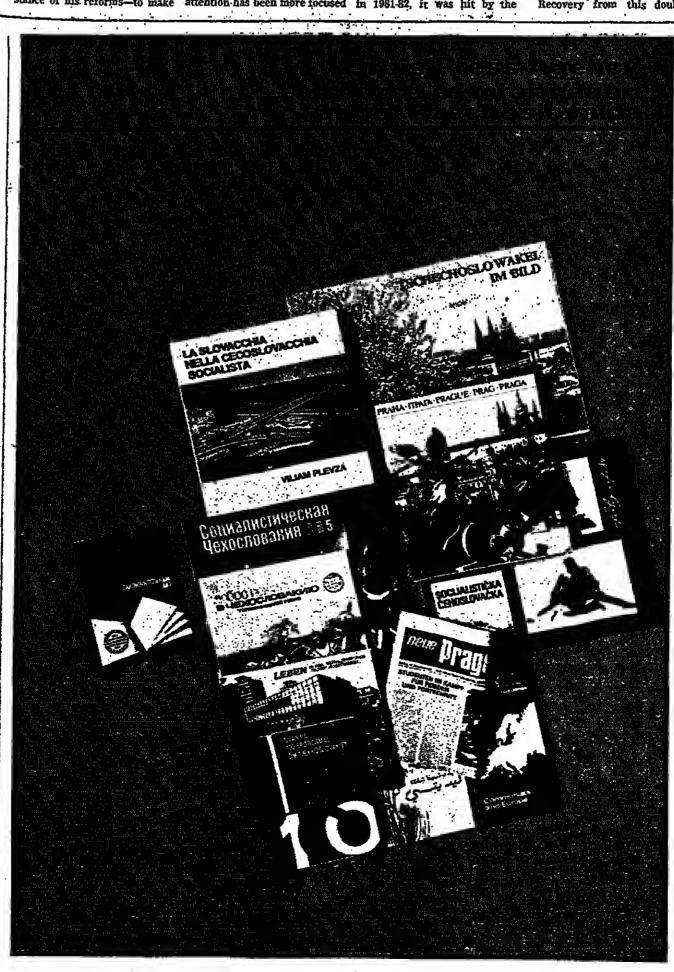
Future borrowing will, says Mr Kroh, depend on the political temperature of East-West relations, commercial terms (currenlly excellent for such a conservative borrower as Czechoslovakia) and investment at home ment at home.

Czechoslovakla is likely to become slightly more active in the Euro-markets in the next five years, because investment will rise to 840hn crowns, slightly above the 1981-85 ievel.

But just as the State Bank is adopting a lighter monetary poilcy at home (allowing credit to expand no faster than the

CONTINUED ON PAGE 6







FIGURES DEGREE OCCUPE TO TOO

KODAK

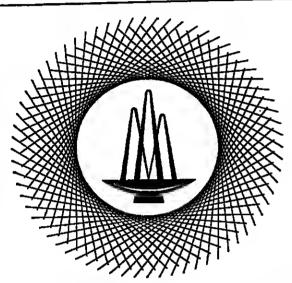
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Karlovy Vary, Frantiskovy Lázne, Mariánske Lázne, Jáchymov, Podebrady, Trebon, Teplice v Cechách, Lubacovice, Jeseník, Janské Lázne, Teplice nad Becvou.

BRNO THE PLACE TO GO TO FOR SUCCESS IN RIKEMEED

INTERNATIONAL FAIRS AND EXHIBITIONS IN BRNO

IN THE YEAR 1986

Higher imports from West will curtail trade surplus

Foreign Trade LESLIE COLITT

THE RADICAL post-war shift in Czecboslovakia's foreign trade towards the Soviet Union and Eastern Europe accel-lerated in the current five-year plan ending in December and was accompanied by a corres-ponding decline in the share of

trade with the West.

Between 1981 and 1984, trade with the Socialist countries rose from 72 per cent of Czechoslovakia's total trade to 78.3 per cent of which Comecon's share was 73.5 per cent. The 20.9 per cent share of western indus-

per cent share of western mons-trial countries in 1981 fell to 15.7 per cent by 1984. Foreign trade officials in Prague, bowever, say the steep rise in prices for imported Soviet oil accounted for a large part of the growth in Czecho-slovak trade with Moscow. The Soviet Union's share of Czecho-slovak trade soared from 35.8 per cent in 1980 to 45 per cent last year.

last year.

In the first six months of this year the share of the socialist countries in Prague's trade rose further to 80.3 per cent. Trade officials, however, said they expected this to fall as Soviet oil prices levelled off. According to the Czechoslovak officials the 13.3 per cent decline in Czechoslovak imports from Organisation for Economic Co-operation and Development members between 1980 and 1984 was not dictated by any scheme to intensify the country's already powerful links with its eastern trading

They point out that in the second balf of the 1970s Czechoslovak imports from the West were on average 20 per cent higher than exports. This alarmed the financially conservative leadership which decided to boost exports instead of increasing borrowing, as was done elsewhere in Eastern Europe.
Imports from the West were

to have been kept at their pre-vious level but a combination of factors altered this plan.
The Prague trade officials blame the recession in the West and an "enormous increase" in protectionist measures for failure to boost exports to West. This, in turn, made necessary a sharp reduction in

imports. At the same time, they acknowledge that Czecho-slovakia's worsening terms of trade with the West as a result

Economic Reform

DAYID BUCHAN

ONE PARTICULAR goal of economic reform has been to try to make manufacturers

more responsive to foreign markets. Like other Comecon

countries, Czechoslovakia has found that the existence of

foreign trade organisations (FTOs), each with its menopoly on trade in a

nenopoly on trate in a certain sector or product-line, and with accumulated commercial knowledge and

commercial knowledge and marketing skills, has tended to isolate producing enterprises from the markets they are supposed to be serving. So, like many of its Comecon partners, Czechoslovakia is seeking to break down these harriers between producers

Since 1981 three experiments have been introduced with "mixed results," says Mr Rohumil Urban, the Trade

Producing enterprises in

26.2 - 4.3

23.4 - 29.4

5.7 - 6.7

17.9 - 24.9

22.10 - 28.10

29.11 - 30.11

of the poor commodity struc-ture of its exports and the inadequate technical level of some of its products were equally important factors.

curbing By rigorously curbing western imports, Czechoslowakia last year managed to produce a \$850m hard currency trade surplus compared with more than \$15n in 1983. Mr Jaroslav Kroh, chief manager of the National Bank, said that in the first six months of this year the hard currency surplus was between \$500m and \$600m but that this rate of surplus would not be maintained in the latter half of the year because of a higher level of imports

from the West. Czechoslovakia's three wes-tern neighbours alone made up 55.5 per cent of its total OECD trade last year. West Germany, its largest trading partner, accounted for 28 per cent, Austria 13 per cent, and Switzerland 14.5 per cent.

Prague'a trade statistics for the latter two countries are somewhat misleading, however, as a considerable portion of the products imported from them products imported from them come from other western countries and are merely paid for in Switzerland and Austria.

Czechoslovak foreign trade statistics are based on where payment is made and not on e product's country of origin. Similarly, Czechoslovak goods sold to a Western country in counter-trade are often re-exported elsewhere.

exported elsewhere.

Such distortions occur with most of Czechoslovakia's leading western trade partners, and are a frequent source of confusion. Dr Jan Vinter, a manager of the Czechoslovak Commercial Bank, noted that the important thing was that the total figures for Czechoslovak foreign trade compiled by the OECD and Czechoslovakia were the same. ing western trade partners, and

Seeking to demolish barriers

certain sectors using mainly local materials, such as glass,

ceramics and costume jewellery, have been allowed

more say in bow their goods

are sold abroad and at what price. They have also been permitted to use e higher percentage of their profits to

pay bonuses to workers. Three years of experience has

shown "very good results,"
Mr Urban says. The scheme
will be extended to other
sectors processing local
materials for export, in
particular wood, furniture,
maner and mile.

• Two FTOs have been more closely linked with three pro-

dncing enterprises—the Kovo electronics trading organisa-tion with that part of the big

Tesla enterprise that makes

laboratory and measuring

equipment at Brne, and the

Motokov vehicle trading organisation with the Skoda

car enterprise and the Agro-

zet enterprise at Brno which

makes tractors and agricul-

tural equipment. Mr Urban

says this has improved the manufacturers' knowledge of

the world market and their

paper and pulp.

Western companies exhibit-ing at the Brno Fair last month said orders from Czechosiovak foreign trade organisations had picked up somewhat, while queries from them had risen. They see the country's need for modern Western machinery and equipment to be enormous, but expressed doubts that the economic planners were prepared to pay the price; that is, to increase, significantly, borrowing

for such purposes. While Czechoslovakia has specified priority areas, such as specined priority areas, such as the engineering industry, which are to get increased western imports of electronics, only a sector of the industry, like machine tools, will actually get the larger volume of imports. This, in the view of western This, in the view of western trade counsellors in Prague will make it difficult to do more

make it diment to do more than plug holes.

The first deputy Minister of Foreign Trade, Mr Frantisek Langer, confirmed in Brno that, although Czechoslovakia had larger sums of money to buy western machinery and equipment, it would remain "very discreet" in its investments.

ments.
"We want to remain trustworthy partners," he noted, "promptly fulfilling all our financial obligations, also in the future.

Czechoslovakia's Although foreign debts are to be virtually eliminated by next year, trade eliminated by next year, trade officials in Prague still speak of a need to reduce debts while noting that the level of imports from the West, as in the past, will depend on exports.

The problem bere is that 57 The problem bere is that 57 per cent of Prague's exports to OECD members last year consisted of fuels, raw materials, metals and chemicals, while only 10 per cent were made up of the machinery and equipment in which the country specialises.

price competitiveness against

foreign opposition. But the minister states that this ex-periment exerts "unsatisfac-tory" pressure on the FTOs, and that be is still looking for

· One producing enterprise, Sigma, a noted maker of pumps and pipes, has been

given the right to conduct its own trade directly through a

new organisation, intersigma.
The results over the past three years have not been good. But Mr Urban admits this may just be because of

the general world stagnation in engineering goods. So Intersigna is being given a

further two years to prove

The trade minister says some other forms of integra-

tion between producer and FTOs are now under prepara-tion. Czechoslovakia may end up with a hybrid system,

reflecting widely differing

conditions in different sectors

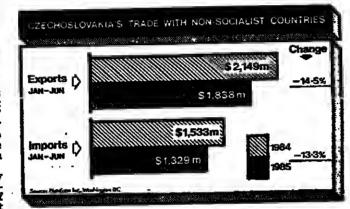
"Form is of secondary

importance," says Mr Urban,

"what is important is the

motivation of people and

incentives."



CZECHOSLOVAKIA'S TRADING PARTNERS 1984 DEVIELOPING COUNTRIES 4-3% DEVELOPING COUNTRIES 7-8% SOCIALIST COUNTRIES (Comecon, China & Yugosh IMPORTS EXPORTS Source: Municity of Foreign Trade COMMODITY MAKE-UP OF TRADE 1984 INDUSTRIAL CONSUMER INDUSTRIAL & EQUIPMENT CONSUMER GOODS 15% MATERIALS

slovakia must concentrate on advanced technology as several other Comecon countries were now capable of producing "average" engineering goods and expected sophisticated pro-ducts from Czechoslovakia.

In recent years, Prague has actively sought co-operation with western companies in third markets, especially the Middle East, where it has achieved some success. The Technocaport foreign trade of the Although the share of the foreign trade foreign trade organisation completed the second stage of an oil refinery at Sallahudin, Iraq, last year, with a French com-pany in which the Czecboslovak share was \$1.10m.

Technoexport is completing the fourth stage of the Homs re-finery in Syria with Union Oil Petroleum, participation which is said to be earning Prague \$145m. Building on their experience as a transit country

Coordinated

of Czechoslovakia's exports to socialist countries consist of engineering goods. While efforts are being made to improve the competitiveness of Czechoslovak machine tools and textile machinery in the West, quick progress is not expected.

Czechoslovak foreign trade officials repeatedly criticise the the engineering industry for its low level of innovation, slow modernisation, and the insufficient quality and technical level of products, as well as long delivery dates.

Mr Bohumil Urban, the Foreign Trade Minister, cautioned recently that Czechoslovak must concentrate on advanced technology as several other Comecon countries were now canable of products to for producing the compressors.

At the same time, the U.S. company is buying \$10m worth of compressor components from the CKD company in Prague.

Technoexport is bidding with Western companies to build a \$70m pipeline from Bombay to Delim, as well as to construct six fertiliser plants in India. Earlier this year, the Czechoslovaks built a 20-kilometre stretch of oil pipeline in Syria a result of this, are bidding against western competition to build a 100 kilometre oil pipeline in Experimentation to be compressor.

At the same time, the U.S. and the CKD company in Prague.

Technoexport is bidding with Western companies to build a 20-kilometre stretch of oil pipeline in Syria.

Technoexport is bidding with Western construct six fertiliser plants in India. Earlier this year, the Czechoslovaks built a 20-kilometre stretch of the U.S. and, as a result of this, are bidding DAVID BUCHAN.

At the same time, the U.S. and the CKD company in Prague.

Technoexport is bidding with Western construct six fertiliser plants in India. Stretch of oil pipeline in Syria.

Technoexport is build a 20-kilometre oil pipeline in Syria.

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Technoexport is build a 20-kilometre oil pipeline in Syria.

Technoex

Technoexport is boping to be chosen as the general contractor for a coal gasification project in Greece, which it says will be worth \$170m to Czecho-

Although the share of the developing countries in Czecho-slovak trade fell from 7.2 per cent in 1981 to 6.5 per cent in 1984, they contributed the lion's share of Prague's bard-currency trade surplus, \$600m last year.
At the same time, they are exerting strong pressure on Czechoslovakie to increase purchases of their manufactured

director of Rapid, Czechoslo-vakia's leading advertising agency. In promoting foreign goods on the Czechoslovak mar-ket, Rapid has to contend with the curiously named "Made-In Publicity" organisation (set up in 1964); while since 1969 Rapid has had some rivalry, in the promotion of Czechoslovak goods abroad from Incheba of Bratislava. Bratislava. Merkur and other agencies promote purely local products on the local market. There is thus, in advertising terms, more pluralism in Czechoslovakia than any other east European products, including machinery, demands which Prague is finding it difficult to satisfy. country except Hungary.

> Rapid, however, is the oldest agency (created in 1945 origin-ally as a private company) and still the largest, with one-third of the industry's annual £20m turnover, 270 full-time em-ployees and many more part-time translators and photographers.

"WE FACE some competition," says Dr Miroslav Hedbavny.

director of Rapid, Czechoslo-

It is the only agency that promotes both foreign and Czechoslovak products, though Dr Hedbavny says its main function is to push the country's own exports. It does this in two ways—by advertising in foreign media, organising exhibits abroad like the forthcoming Czechoslovak Days in London, and by publishing 12 specialish foreign trade magazines, with e-total circulation of nearly 2m in various languages.

"But there is also a certain co-ordination between our agencies, because we do not want to compete against each other on foreign markets," adds Dr Hedhavny. The co-ordinating is done by the foreign trade ministry, which has a small pro-fessional advertising department for the purpose.

Enterprises are also limited by their annual plans as to how much they can spend on adver-tising—the general rule is 48 crowns for every 1,000 crowns of exports. It can be more how-

Because three quarters of exports go to socialist coun-tries, with little or no advertising, more money can be spent on promotion in western mar-kets. Essentially, Dr Hedbavny says, the planners leave it up to the individual enterprise to decide, within its total allowance for overheads, how much it wants to apend on promotion.

Mr Bohumil Urban, Czecho-slovakia's Trado Minister, He reports that, since 1981, three experiments have been tried in an effort to break down barriers between pro-ducers and traders. They have had mixed results.

Model of impressive efficiency

Slusovice

Collective MARK MEREDITH

IF YOUR car breaks down in Czechoslovakia these days, a passer-by may quite likely suggest you take the vehicle to Slusovice, a collective farm in Moravia about 220 miles east of Prague. Slusovice

(pronounced Slooshovitsa) is something of a national curiosity: a model of impressive efficiency and good management in some contrast to much of the rest of the economy. The passerby really means that only there are you likely to get the kind of service

you really want.
In this co-operative farm is the acceptable face of reform in the deeply conservative poli-Within the relatively safe generate it locally.

At a factory next to the racepreserve of agriculture is an enterprise coming up with new should be the one who does it duces computers for the in. tical setting of Czecboslovakia. the management undertakes to preserve of agriculture is an

has a biotechnology company, sells farm machinery and runs one of the most modern horserace tracks in the country.

An aggressive management under Mr Frantisek Cuba has

used the big agricultural base of the farm to diversify into a number of other areas. In an economy with a lot of vertical industrial specialisation, such as electronics and heavy machinery, here is a body moving horizontally against the

3,200 people. Much of its success has been by default. If a product or a service is not svailable or is below standard.

Like other co-operative farms in Eastern Europe, Slusovice is huge by western standards. It has 5,500 bectares and employs

logy in where it is needed, by-passing bureancracy and responding to local initiatives.

"There should be 100 Slusovices in Czechoslovakia," he

The incentives to workers are not just improved pay based on results but also the benefits of a local infrastructure that seems to really work in terms of ser-

The co-operative's production is well above the national average for agriculture, and ontput today is over 2.6hn crowns (\$383.3m). Workers from the farm, where some cowsheds were recently built in record time, were taken to Prague to set an example when a construction project needed some urgent ing under them. attention.

ideas and offering other parts of the economy a lesson in how to run things.

Slusovice is not only a collective farm. It also produces its own IBM compalible computers own IBM compalible computers has a historypelogy company. the plant director. The work produces about 1,000 computers a year, and Mr Kubic says, there is national demand for 20,000 a year.

The co-operative worked out the record-keeping system for Czechoslovak television's sports

Slusovice's management must cause some ahivers in other parts of the economy. Managers at the farm are regularly assessed on their performance. Their actions are judged on a points system of one to five, covering their achievements in introducing innovations, the way they run their units and the output and working condi-tions of the employees work-

Under-achieving managers



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10 Ligna 11 Motokov 1 Bainea 2 Brno Fairs 12 Omnia 13 Orbis 3 Centrotex 4 Chemapol 14 Polytechna 5 Exico 15 Pragoinvest 6 Ferromet 7 Intersigma 17 Skodzexport 8 Kerametal 9 Kovo Number employed: Under 20 🗍 20-200 🗎 over 200 🗋

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Czecheslovak Trade & Industry - 18th October 1985

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THE Czechoslovaks look like a well-fed people. Meat is on the table at almost every meal; fruit and vegetables, although in no great variety, are available and queues in the food shops are not

The industry behind the dinner table is getting into full stride and the first phase of collectivisation into agricultural co-operatives and state farms has long been complete. Today most effort is concentrated on improving mechanisation.

Collectivisation has radically changed the nature of farming reducing 500,000 farms in the late 1940s to just under 3,000 today. These are huge farms by western standards—5,000 hectares on average—and many with fleets of 100 or so tractors and scores of combine has and scores of combine har-

The industry employs around 890,000 people and has a turn-over estimated at 114.2bn

Czechoslovakia is a net exporter of foodstuffs. A land-locked-country with a temperate climate, it needs to import goods like seafish, citrus fruit, coffee

But self sufficiency has increased with three excellent grain harvests — 11m tonnes in 1983, a record 12m in 1984 and an estimated 11.5m tonnes this

year.
The country is self-sufficient in meet and exports commodities such as Prague ham.

Improving quality and output has been a struggle. A report to the United Nations Economic Commission for Europe this year reported that price rises have not just been aimed at covering cost increases but to provide incentives for improved farm performance.

A restricted amount of private sales of food is permitted. In several places in Prague, farmers sell vegetables and fruit within set price ranges. According to Dr Krecek, about 5 per cent of agricultural land under cultivation is in private hands.

To encourage mechanisation, increases in fuel costs have not been passed on to the farms.

Czechoslovakia has a strong tradition in farm equipment.



Problems are in areas of highly willing to spend Western curspecialised equipment. The reacy if it can avoid it. It may more specialised these problems the less likely they are to be solved with large production port equipment in exchange for runs of equipment produced within Comecon for the eastern

European market.
Czechoslovakia has problems obtaining fruit and vegetable-handling equipment, and these are areas which offer some opportunities to Western producers.

willing to spend Western cir-rency if it can avoid it. It may look for co-operation agree-ments under which it will im-port equipment in exchange for parts or goods of equal value. Only a small number of Western licences have been awarded due to a policy aimed at retaining a zero foreign exchange debt.

Special potato-picking equipment is needed to cope with the large number of stones. The overall prospects for this the large number of stones, trade will be limited, however, Fruit-picking and handling Czechoslovakia will be un- machines are also required.

OWNERSHIP OF CULTIVATED LAND PRIVATE GAMELING STATE CO-OPERATIVES 64×

Large equipment has been developed for the visit state and co-operative farms, which is not suited for export to smaller western European farms. Because of freight costs, the more obvious market in the U.S. and Cenada has only just been

The Zetor tractor, long a strong export for Czechoslostrong export for Czechoslovakia, has stood up well in the West in spite of an overall drop in demand, according to Mr Inbomr Tvardit, export manager for tractors at Motokov, the state trading corporation. Exports are running at about 25,000 tractors a year with Iraq the main market. Britain is in second

anxiety over the possible damage to the environment agrochemicals. unpoblished report by the Czechoslovak Academy of Sciences commissioned last year by the Government warned of the dangers of excessive use of

There has been increasing

The Ministry today says that the level of artificial fertilizers and chemicals is limited and well below those of other

Talks on overseas

production

vakia's best-known products. But how many drinkers know that pilsaer means beer made in Phea or Pilsen in Western

While Czechoslovakia has a highly successful export in its Pilsner Urquell, it has fought unsuccessfully to stop producers in the West calling their beers pilsner, Another well-brown beer export well-known beer export, Budweiser Budwar beer from the town of Ceske Budovice has met a similar fate.

The Western heer trade has the western neer trade has thought that Crechoslovakia's attempts to protect its beer exports meant it would be reluctant to grant foreign production licences. After all, the Crechs explained that easy with the correct rates hope, the right soft water and the manually controlled beer production could plisner be made as it is in Pluen.

Some of that is about to change. Negotiations have been underway between one of the state trading corporabecome the first foreign licensed production of a Czech beer in the West.

Mr Vaclav Husak, general manager of the brewery federation in Czechoslovakia, was optimistic about the outcome of the talks.

The beer, as yet, bas no name. According to Mr Husak, trading conventions will pre-vent the use of a Czechoslovak place name. But the country is rich with national heres and other possible sources for the name of the brew that Canadians may soon

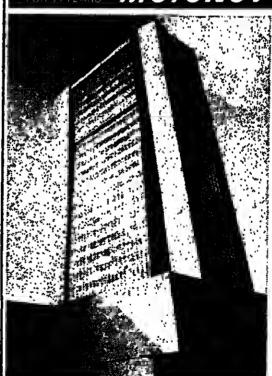
If negotiators from Prague have their way, the Canadian browers will import the raw materials for the beer. As the bottom line, the Czechoslovaks insist that they have the final say about the technology used for the brewing.

Other foreign licences could follow, according to Mr Husak. But export of nearly 40 types of beer will continue. Plisner Urqueli itself is exported to

Mark Meredith

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more on menu

Profile: Mr Miroslav Toman

varied diet, not a larger one, says the country's well-built agriculture minister, Mr

Miroslav Toman.

With three good harvests in 1383 to 1385 and meat consumption this year up to 85 kilograms per head (higher than Hungary's 75-78 kgs per head), "for the first time in many years, we do not want to increase busic consumption further, but we would like to get more fish and vegetables on to the national menu," the minister says.

Recent success in basic farm production has brought a loosening in central govern-ment's control over farmers.

ment's control over farmers. The Frague planners have set only two targets (meat and grain) for farmers in the 1936-99 plan.
But if the Government is less demanding in terms of targets, it is also less supportive on prices, Mr Toman warns. Guaranteed wholesale

prices for main commodities are expected to fall over the next five years, as those for poultry and eggs have dropped (by 20 per cent) this year, and the price of "surplus" food will be determined by the market.

According to the minister, who himself has spent most of his 48 years in agriculture, including a year in the 1960s working on a Danish farm, the countrymen can probably withstand a slight decline in their income relative to townspeople. Tha average farm co-

3,620 crowns a month, above the national average of 2,813 crowns. The increased attraction these days of the country-side is reflected in the applications of between two and five candidates for every one place at the country's agricultural colleges.

David Buchan



Mr Miroslav Toman, Agriculture Minister

Long-term expansion policy

Electronics

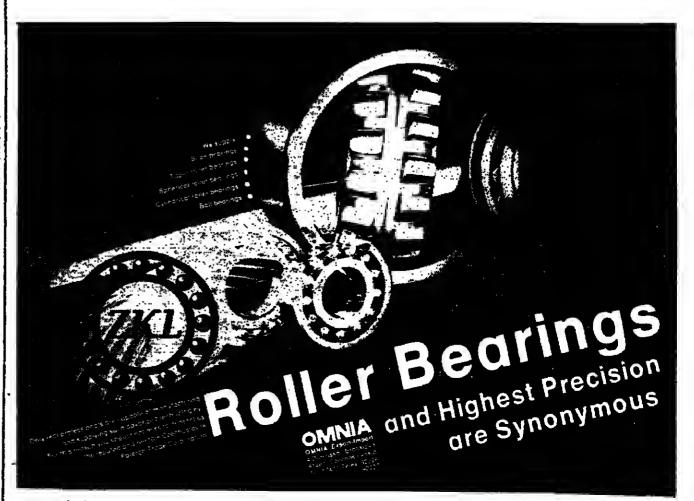
MARK MEREDITH

THE EXPLOSIVE force of technological revolution is tightly controlled in eastern Europe and the priorities given and the priorities given and the experience of the West.

A country like Caschoolovakia is developed among A country like Caschoolovakia is dequipment into the five-year plan it will see the introduction and application of electronics in eastern Europe lags behind that of the West in the terms of efficiency but not in jobs saved. These countries are committed to full employment.

Electronics in eastern Europe lags behind that of the West are committed to full employment.

Electronics in eastern Europe lags behind that of the West in the West in the priorities are experiently for example, it is developing the example of the Western computers are committed to full employment into the five-year plan it will see the introduction and application of electronics in eastern Europe lags behind that of the West in the Western computers industries of the Section of the priorities give and the experience of the Western computers industries and produced at himstries are committed to full employment into the five-year plan it will see the introduction and application of electronics in the experience of the produced at himstries are committed to full employment in the five-year plan it will see the introduction and produced to the East, have made some thing looks saved. These countries are committed to full employment in the five-year plan it will see the introduction and produced to the lags that the produced at himstries are committed to full employment in the five-year plan it will see the introduction and produced to the lags to the produced at himstries are deficiency but not in jobs saved. These countries are committed to full employment in the five-year plan it will see the introduction and the produced at himstries are deficiency but not in jobs saved. These countries are committed to full empl



Coal production at record level as nuclear plants are delayed

Energy LESLIE COLITT

THE FIRST priority of Czechoslovakia's planners in recent years has been to alter the country's energy balance away

from coal and oil and toward gas and nuclear energy. Nevertheless, the country last year produced a record 103m tonnes of lignate or brown coal, e record it would prefer not to have set. The Govern-ment had planned to begin reducing output of lignite used to fuel the country's conven-tional power stations, because it is highly polluting and increasingly expensive to mine.

But delays in the construction of nuclear power stations forced production of an added 4.5m tonnes of lignite. This year the output target for this sul-phurous low energy coal is 99m tonnes as additional nuclear power capacity comes on stream

Nuclear power accounts for 15 per cent of total electricity generated (8.5 per cent last year) according to Mr Vlastimil Ehrenberger, the Minister of Fuel and Power.

Four Soviet-designed VVER 440 MW pressured water nuclear reactors are currently in opera-tion at the Jaslovske Bohunice station in Slovakia and the first reactor at the Dukovany station in Moravia became operational

Czechoslovakia's 'ambitious nuclear energy programme has run up against several of the same problems which beset its Western counterparts. Delays of up to three years were partly the result of the intro-duction of added safety measures after completion of the first Czechoslovak nuclear power station in 1978.

Mr Oldrich Vales, deputy general manager of Skoda-export, which delivers Czechoslovak-built nuclear reactors and peripheral equipment to other East European countries, emphasised that none of the delays was a result of the co-operation with

reactors and secondary equip- Kcs 7m for a conventional ment. Mr Vales noted that a power plant.) principal change" was made in the nuclear power plants to greatly increase their safety and that this had meant " more work" than in the original

A former official of the A former official of the Czechoslovak Ministry of Construction, Mr Jan Svoboda, recently criticised the entire approach to constructing nuclear power stations in Czechoslovakia. He said further problems are being encountered in the construction of the first reactor at the Mochovce station in Slovakia is tered in the construction of the first reactor at the Mochovce station in Slovakia is to produce one-third of its total electricity from nuclear energy.

This growth, he said, resulted from "ineffective" construction because of inadequate preparation and the bad organisation of work. However, Mr Jiri Becvar of the Ministry of Energy's nuclear department claimed that the construction

Southern Bohemia which is to tricity from nuclear energy, have four Soviet-designed, hut according to Mr Ehrenberger.

Energy costs for industrial users are expected to rise, but the Government is likely to continue to subsidise the price of household heating fuel.

Skoda-built. VVER 1000 MW By the year 2000, nuclear power reactors, and is to be commis-sioned in the 1990s.

Mr Svoboda said it was a mis-take that an independent atate body had not been placed in charge of huilding the nuclear power plants. As e result, decision making was fragmented because there was no overall director of operations.

The Czechoslovak Prime Minister, Mr Lubomir Strougal, said in a speech opening Duko-vany that the builders of tha power station had pledged to eliminate the present delay in the construction of a second reactor and put it into operation by the end of next March,

Mr Strongal also noted that as a result of "shortcomings in planning and management" and in securing supplies, construction dates for the nuclear plants were "frequently put back" with an accompanying growth in investment costs. (It

Consumption of oil is to be reduced from the current 16m or 17m tonnes annually, nearly all of it from the Soviet Union. This is primarily to be achieved by eliminating its use in heating plants and by electrifying the country's railway system.

is to account for between 55 per cent and 60 per cent of total

power generation.

The share of oil in primary energy consumption by the year 2000 is to drop from 22 per cent to 13 per cent, while natural gas is to rise from 10 per cent to around 20 per cent.

The increased amount of gas will flow through the three pipelines carrying Soviet gas vakia to the West and which earn the country transit fees in the form of gas. A fourth pipeline is now under construc-Apart from the Soviet Union, Czechoslovakia is Comecon's each megawatt of a nuclear 750m cubic metres last year to only producer of nuclear power station, compared with 1.3bn cubic metres.

primary energy, which is con-siderably higher in Czechoslovakia than in comparable Western countries is largely to reduced by structural changes in the economy.

Branches of industry with a high unit consumption of energy are receiving fewer investments than those with lower consumption. Along with Gov-ernment directives to industry to reduce energy consumption there was also a price rise last year of more than one-third in the cost of electricity for pro-ducers, along with hefty price increases of between 20 and 60 per cent for coal, coke, oil and

Despite such adjustments, Mr Vaciav Vesely of the Ministry of Energy said there was little relationship between the price relationship between the price of energy and tha cost of producing it. While industrial users can expect to pay more in the future, tha Government is likely to continue subsidising the price of household heating coal, which was raised 50 per cent a few years ago along with electricity rates, but which is still very low.

Although new apartment buildings have improved insula-tion standards and installed radiators which can be shut off, little is being done to eliminate waste of heat in older buildings. Radiators there run full blast all winter and windows must be opened to regulate the tempera-

A representative of a Western company producing electronic controls for heat circulating pumps said the pumps used in Czechoslovak hulldings—and in most of Fastern Fuzzna, and most of Eastern Europe-run 24 hours a day and cannot even be manually adjusted to save

Electricity consumption last year rose 3.1 per cent compared with a goal of 1.9 per cent. In-dustrial users took 2.3 per cent more and households 6.8 per cent. Consumption in the first half of this year rose 3.9 per cent over, compared with the corresponding period last year, while the growth target was

Industrial users were responstble for a 1.9 per cent rise, while household use soared 9.1 per cent, largely because of the long



Principal Principal Security Countries and Lacour

Skoda low-pressure rotor of a 200Mw turbine for nuclear power stations

Set to lift export profits

Heavy Engineering LESLIE COLITI

ALTHOUGH THE name Skoda, is normally associated in the West with Czechoslovak cars it is the country's largest heavy engineering enterprise. Skoda manufactures everything from sugar factories and steel rolling mills to conventional and nuclear power stations.

This wide range of plant and equipment produced by the heavy engineering industry is both a source of pride to Czechoslovaks and an acknow-ledged sign of weakness. The goal in coming years is to specialise increasingly in those products which are the most profitable to export.

The heavy engineering industry exports two-thirds of its output, and one-third — to non-Socialist including rolling mills, foundry nuclear power equipment and locomotives — equipment is produced solely goes to the Soviet Union, for the Comecon market, Skoda

developing countries, where Prague earns a high proportion of its foreign currency, take 60

Last year, Skoda delivered a rolling mill to Iran and earlier this year another mill went into operation in Turkey. A Skode-built rolling mill is also nearing

completion in Nigeria.
Increasingly, Czechoslovak
heavy engineering companies
are co-operating with western companies on projects in the developing countries, especially the Middle East. Skodaexport has e co-operation agreement with Davy McKee for joint supplies of equipment and complete rolling mills to third markets and has a licensing agreement with Alsthom—Atlantique to produce jointly complete power stations for complete power stations for third markets.

While 80 per cent of Skoda's thermal power stations are sold to non-socialist countries, its nuclear power engineering

Another one-third is for the is the only East European other Comecon countries and company to build VVER 440 the remainder goes to the non-socialist world. Of this, the ence from the Soviet Union and is committed under a multi-lateral Comecon agreement to supply reactors and other nuclear equipment to Comecon partners for their nuclear energy programmes.

The heavy cost of building a

The heavy cost of building a new plant to produce reactors was entirely borne by Czechoslovakia which is paid the customary Comecon price for exported reactors. The price is based on a sliding five-year everage of world market prices.

Mr Oldrich Vales, deputy general manager of Skodaexport's nuclear division, said the commany was not being

the company was not being "overpaid" for the reactors it sold to Eastern Europe but that tha margin of profit did enable it to invest in new production. By 1987, he noted, Skoda would complete its first VVER 1,000 megawatt reactor under Soviet licence which would be delivered to Bulgaria. At present, Skoda is producing three reactors a year which now account for one quarter of

Last year the chemicals in-

dustry increased its output 3.4 per cent compared with a

growth target of 1.4 per cent. This was, as envisaged, achieved by greater efficiency as crude oil consumption by the industry

was 1.2 per cent lower than in

BASF and Bayer, followed by By earning larger profits the Ciba-Geigy and Sandoz of companies can also provide Switzerland ICI, Shell and BP greater incentives for their are the third most important group, followed by Rhone and College Attaches and College Attaches and College and College Attaches and College Attaches

Although the plan determines minimum exports of cals sector, which is to be chemicals companies to the especially developed, rose 8.7 West, they can exceed this per cent. In the first half of amount. The incentive to do this year pharmaceuticals procompanies can retain e larger curve chemicals rose only 2.7 per cent.

companies can retain e larger cent, but overall production of proportion of their large curchemicals rose only 2.7 per cent rency earnings and use it to compared with a planned 3.1 buy equipment in the West. per cent.

Chemicals

THE CZECHOSLUVAN carried as concluded industry conducts a considerably larger share of its Mr Volf says the rula that with the West — enough must be exported to the chemicals industry THE CZECHOSLOVAK chemibusiness with the West—between 35 per cent and 40 per cent—than is the general rule in Czechoslovak industry.

Chemapol, the foreign trade organisation for chemicals, has organisation for chemicals, has an annual turnover of between \$100m and \$150m, making it the largest FTO (foreign trade organisation) in the country. Its share of total Czechoslovak exports is about 7 per cent and roughly 21 per cent of imports, although the latter figure has been bloated by the sharp rise in prices for Soviet crude oil used in the petrochemical industry.

The chemicals industry has not been slated as a priority area for investments in the coming five-year plan. Construction of new projects is to be kept to a minimum, while the production and export of less energy-intensive products is to be raised to 43 per cent by 1995 compared with 215 per by 1995 compared with 21.5 per cent at present.

Research and development are to he improved A recent Government resolution said there is to he greater scientific western companies.

Currently bulk chemicals make up 55 per cent of sales to the West with the remainder consisting of final and semifinal products. The goal is to increase the proportion of the latter, which make up 75 per cent of exports to Comecon.

Mr Vaclay Volf, deputy general director of Chemapol noted that since the oil "crisis years" of 1973 and 1974, Chemapol has concluded five year framework contracts with its western partners. These contracts set out the expected types of products to be traded and the approximate quantities, but not prices. Such Letters of Intent have been concluded with 20 leading European producers. covering about 75 per cent of the chemicals business conducted with the West,

Predictably the most import-

Increase in research

West by the chemicals industry to cover imports will continue to apply.

and technical co-operation with the other Comecon countries, above all with the Soviet Union, and "maximum exploitation of licence purchases from the West and co-operation with

ant partnars in the West are West Germany's big three chemicals producers-Hoechst.

Hurdles to be overcome

> Importing MARK MEREDITH

IMAGINE YOURSELF the technical director of a state textile concern in Crechoslovakia, convinced that you need a western computer. It need a western computer. It is not going to be easy. The entire system will work against you. Only the stoulest determination will overcome the burdles shead.

Between you and your western computer stands the western computer stands to:
Government's deep resolve
not to spend hard western
currency unless necessary.
But more than that, the
system is rigged to give every
epportunity to Czecheslovakia's computer industry and to encourage the applica-tion of homespun electronics.

Step one: you must convince your boss that only this western computer will do the job and that you will need to spend, say \$50,000 on a minicomputer system.

Step two: the industry ministry which covers textiles will need to approve your pro-posal. Civil servants will examine how this purchase fits in with other investments in

the five-year plan. Your allocation will have to come out of precious re-sources of hard currency and there will be no taking dollars from the separate regular materiala procurement

Step three is the really tough bit. The Ministry for Electro-technical Development will want to know if there is a Czechoslovak com-puter that will do the job. It will also take a long view about the applications of elec-tronics in the textile industry,

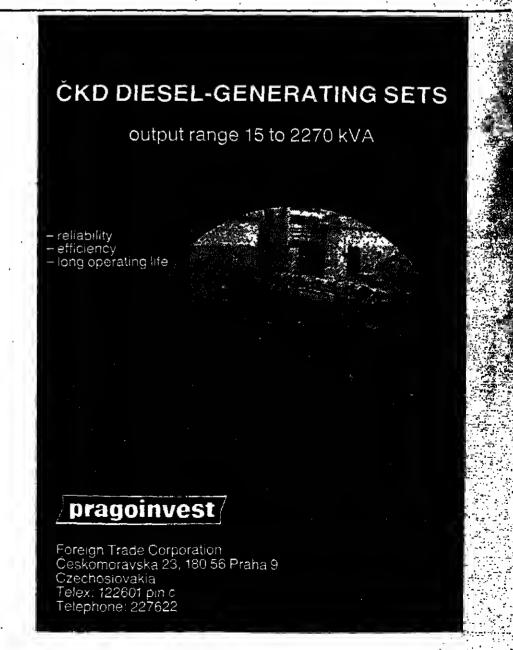
If no Czecheslovak machine is suitable, what about the Hungarian model produced as part of the division of specialisations within the Comecon countries? It will not require dollars to have dollars te buy. ..

Step four: in the back-ground to all this is a power-ful government commission called the SKTIR which looks at such investment in a still wider context. The state bank, the Electronics Ministry adn even the Defence Ministry may also have recommendations—and they are not to be untibled with. quibbled with.

Step five: the home stretch. Only the authorised importer for such equipment, the comthe purchase in the West. This department is under the powerful Ministry of Foreign Trade, where again East-West trade pegotiations and hard currency expenditure are closely scrutinised.

You are nearly there. Perhaps you have friends in high-places.

But as a final thought are you sure that the West allows the export of that type of computer? It may, after all this, be one of the technological goods the West fearsmight be turned into weaponry and cannot be





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The country's heavy industrial base covers 70 per cent of the major production lines traded in the world.

Top of the league

in machine tools

pany.

The Ministry of General Engineering which controls machine tool production is constantly reminded by its Government that merely heling able to sell in foreign markets is not an argument for maintaining a line of production when prices for the item continue to fall.

The ministry is responsible not only for machine tools but also for textile machinery, agrished to sell in the machinery agrished to sell in the machine tools but also for textile machinery, agrished to sell in the machine tools but also for textile machinery, agrished to sell in the machine to be machined to the machine tools but also for textile machinery, agrished to sell in the machine tools but also for textile machinery, agrished to sell in the machine tools but also to the machine tools but at least the gap with the West in this area is not growing.

Mr Pospiszyl said that sometimes there is demand for a product in the West, but the Czechoslovak factory producing the product in the West in this area is not growing.

also for textile machinery, agri-cultural equipment trucks, cars, planes, ships, building machinery and home appliances, machinery and home appliances.

Light

Engineering

LESLIE COLITT

THE CZECHOSLOVAK machine tool industry produces 75 per cent of the major product lines

traded on world markets, a pro-portion which producers agree

is far too large. They are reluctant, however, to drop any of their products as this would entail change and risks,

The Ministry of General Engineering which controls machine tool production is con-stantly reminded by its

The output for the items it

covers makes up more than half of Czechoslovakia's indus-

Mr Rene Pospiszyi, deputy general director of Strojimport, which exports and imports machine tools and textile machinery, said several of the

machinery, said several of the new technologies originally developed in Czechoslovakia were produced more quickly in Japan, West Germany and Switzerland. This was crucial for Strojimport whose hard currency earnings last year were \$500m compared with

\$800m annually in the early 1980s. Sales to the West made

np 40 per cent of its total ex-

trial production.

The open end spinning machine invented in Czechoslo-

vakia went into production there in 1969 and was regarded

as e world-beater at the time. But companies in Japan and West Germany quickly developed the process further, and limited the market in the West for Czechoslovak spinning

Mr Ondrej Caban, responsible for textile machinery at Stroilmport, said the reasons were manifold: organisational, managerial and a lack of electronics from the Tesla company.

The first knitting machines

in demand, however, cannot be ...

several dozen—should be made available for such quick shifts

in demand. But the problem, he noted, was that no factory

director wanted to take the risk

Polytechna

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assistance to developing countries.



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Joint ventures to lure the West

Industrial Co-operation DAYID BUCHAN

IN THE middle of this summer, Czechoslovakia took an important decision: to per-mit, for the first time since World War II, direct foreign investment in its industry in the form of joint ventures. This feaves the Soviet Union and East Germany as the only Comecon countries to forbid this form of industrial co-opera-

In typically cautions manner, the decision was announced piecemeal. First, the electronics ministry said publicly in June that it would welcome Western ventures (JVs) in the area of consumer electronics. This reflected the fact that

by that stage it was already entertaining rival offers from Sony of Japan and Philips of the Netherlands to invest in

making video recorders and compact disc players.

Three months later, Mr Leopoid Ler, then Finance Minister, disclosed in an interview that JVs would be welcome also in tractors, the food industry, tourism, energy-saving

equipment, machine tools.

In other words, direct
Western investment is now
legally possible virtually across the board — up to 49 per cent of e JV's equity, the Finance Minister stipulated, and on the basis that foreign companies could repatriate their due profit and (on liquidation of the JV) their original investment stake.

The practical impact of this The practical impact of this politically interesting move may be small. Consumer electronics epart, e Danish food processor and Poclain, the French maker of excavators, have shown interest in setting up. JVs., says the Prague Ministry of Heavy Industry. But the recent frustration of countries like Hungary and countries like Hungary and UK and Deutsche Babcock Bulgaria in wooing JV invest. projects in third countries.

want to make the lasting commitment in Eastern Europe that a JV implies.

Allowing JVs, however, is an admission thet other forms of industrial co-operation — purchase of licences, and knowhow, sub-contracting, technical assistance — are not providing an adequate transfer of technology transfer, admits in linear transfer of technology transfer, admits in the soviet Union (10).

Licence sales come only a third best, behind joint ventures and long-term industrial co-operation, as a form of useful lecknology transfer, admits in the soviet Union (10).

Licence sales come only a third best, behind joint ventures and long-term industrial co-operation, as a form of useful lecknology transfer, admits in the soviet Union (10).

East Germany has bought the highest number (42) of Czechoslovak incomes, followed by West Germany (36), Switzerland (18), the U.S. (12), Sweden (12), Netherlands (11), Hungary (11), and the Soviet Union (10).

East Germany comes only fifth, behind the U.S., Switzerland, Japan and West Germany (36), Switzerland (18), the U.S. (12), Sweden (12), Netherlands (11), Hungary (11), and the Soviet Union (10).

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East Germany comes, only fifth, behind the U.S., Switzerland, Silventing (11), and the Soviet Union (10). admission that other forms of industrial co-operation — purchase of licences, and know-how, sub-contracting, technical assistance — are not providing an adequate transfer of technology to Czechoslovakia. Industrial co-operation of this kind should be for Czechoslovaki enterprises and their Western partners "a marriage to last for many years," says Mr Vladimir Forman, director general at the Heavy Industry Ministry. He complains: "We often find companies in the West underestimate our skills," and do not mate our skills," and do not consider Czechoslovakia a permanent partner in projects in third countries. There should

Netherlands, and has just signed two deals with Snamprogetti of Italy and Voest-Alpine of Austria for the purchase of licences and some equipment (the rest being made in Czechoslovakia) for petrochemical hydro-crackers in Czechoslovakia.

Skoda the country's localing

Skoda, the country's leading skods, the country's leading engineering company, is deeply involved in East-West cooperation: deals, affecting both production at home with, for instance, agreement with Alsthom-Atlantique of France for making high-output turbines and, with Davy McKee of the UK and Deutsche Babcock, on

seller of licences.

Even so, Polytechna has done
450 licence deals in the last five
years, buying rather more (55
per cent) than it has sold. This
is high by Comecon standards,
but low by world standards.
Only 5-6 per cent of Czechoslovak production is made
years fire or at nominal fees.
Another frustration of the
licence-sellers in Prague is that
some Czechoslovak enterprises
will regard technical documents

in third countries. There should be reciprocity — first, a Czechoslovak enterprise subcontracts out work to a Western company, then vice versa. "A Western cempany that does not understand reciprocity will find itself participeting just once with us," he warns, adding that "we are not sugar dolls, we can be assertive, if need be." Yet many sectors of industry report fruitful co-operation with Western firms. Czechoslovakia has, for instance, built four large oil refineries in Iraq incorporating control equipment from George Kent of the UK, supplied urea plants to the Soviet Unlon with technology from Stamicarbon of the Netherlands, and has just signed to winder foreign licence, compared with an average of 10 per cent among western countries.

Generally, Czechoslovakia has yet four times more for an imported licence than it gets for an exported one, Mr Sykora an exported one, Mr Sykora says. This ratio roughly squares with figures in e recent OECD study showing that between the everage with figures in e recent OECD and a saverage receipts were \$13m. and the average annual number of czechoslovak and average enceipts were \$13m. and the average annual number of imported licences in use at home was 403 and everage of 10 per cent attion (even where it is of a standard to be of real value to western huyers) as an after-thought to be thrown in with a licence virtually free. Some barriers exist in the eaptries of licences. Polytechna, according to Mr Jiri Gabriel, its deputy commercial director, must check with producers and the relevant foreign trade organisation that a licence is not going to help foreigners company to producers and the average annual number of knowledge.

The biggest single generator of licence imports, mainly in chemical documentation of the standard to be of real value to western huyers) as an after-thought to be thrown in with an exported one, Mr Sykora and 1981 the everage of licence virtually free.

Some b

epex of e country wide network of some 180,000 scientific researchers in various institutes, now back to strength after the

post-1968 political purges.

The Academy's prominence in the earnings league is due to the fact that it sold the country's fact that it sold the country's best-selling licence — for soft contact lens — to the U.S. for development there by the National Patent Development Corporation, and it may be that President Reagan, who wears soft lenses, peers out et the world through a Czech invention. Less eye-catching, but more regular areas of Czechoslovak licence sales, are engineering, pharmaceuticals and textile machinery.

tific Development and Investments, and then generally follows e wrangle over the required hard currency.

But perhops the biggest problem, says Mr Gabriel, is simply the very broad production range and inadequate specialisation in Czechoslovak industry. It is this that reduces the number of experience, pharmaceuticals and then generally follows e wrangle over the required hard currency.

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licence-sellers in Prague is that some Czechoslovak enterprises under foreign licence, compared still regard technical documen-with an average of 10 per cent tation (even where it is of a among western countries.

of licence imports, mainly in chemicals and machinery, with West Germany topping the list of suppliers (50 licences sold to Czechoslovakia in 1981-85).

Extensive screening of a potential licence purchase is done by branch ministries and the State Committee for Scientific Development and Invest

ment shows that relatively few With more companies chasing textile machinery. dustrial co-ope Western companies seem to fewer capital investment orders In the last five years, East joint ventures. dustrial co-operation and, now,

Importance put on modernisation

Textiles

DAYID BUCHAN

to propose to the trusts that one of their factories—out of several dozen—should be made accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the post-war period that bave now accounts for more about the propose to the propose to the trusts that the propose to the propose to the trusts that the propose to the trusts that the propose to the propose

of there being no demand for a time. Perhaps, he suggested, his foreign trade organisation could share in the risk. In addition to such problems capacity, besetting the light engineering The text sector, there is the sobering fect that the average age of machine tools and forming machines in Czechoslovakie is now 18 years out of a maximum life span of 23 years.

Czechoslovak industry (going back to the 18th century) which now accounts for more than slim equivalent in the country's foreign trade turn-over. But because the country has few domestic raw materials of its own, apart from fiar for linen-making, the emphasis for the 1886-90 plant is on modernishas few domestic raw materials of its technical lead to foreign trade in textiles has for Czecholinen-making, the emphasis for the 1986-90 plan is on modernisation, rather than expansion of capacity.

The textile industry now employs nearly 300,000 people in the formular of its technical lead to foreign trade in textiles has for Czecholowalia, says Mr Sobotta, the advantage that it treats all sequally. But the fiexibility which Czechoslovakia has in the special ing to Mr Vladimir Sobotta, ing to the EEC is restricted somewhat by the fact that each somewhat by the fact that eac

ploys nearly 300,000 people in virtually every part in the around \$640m divided roughly country except eastern Slovakia. The cotton sector is based in of the world, and imports Hardec Kralove, linen in \$420m.

Soundwhat by the fact that each producers. His sales company also encourages more people from the producing enterprises separate national quotas (as the from community-wide distinct f

are high, for lack of most petitivenes

Trutnov in northern Bohemia, wool in the Moravian capital of Brno, and artificial fibres in the Soviet Union alone, while in the Soviet Union and wool from Soviet Comecon go to the Soviet Union and wool from Soviet Comecon go to the Soviet Union and wool from Crechoslovak textile industry has relied on its own machinery, such as the water and air jet Netherlands, Canada and the looms and open end spinning of U.S. In the last country, duties capacity so as to improve competitiveness.

its own account, main speciality items, and function more as a straight agent of producers. His sales company

Fears that pollution may have damaged forests

Furniture DAVID BUCHAN

POLLUTION MAY bave seriously damaged the forests of northern Bohemia. But it does not yet seem to have blighted the optimism of Czechoslovakia's large wood-Cacchoslovania's large working industry, which employs 50,000 people in the furniture sector alone, and has increased production and exports sevenfeld over the past 15 years. According to Mr Jiri Jirava, general manager of Drevounia, the country's wood products trade organisation, exports last year amounted to the equivalent of £96m, two-thirds to Comecon rest of the world.

Wood is one of Czechoslo-vakia's few major natural resources. But it was 1969-70, says Mr Jirava, before the country realised, with the surge then in world commodity prices, that it should expitalise on its forests by investing in state factories and encouraging smaller co-opera-tives to develop traditional furniture-making skills. Set up in 1969, and based in forest-rich Slovakia, Drevo-unia has, in particular, helped these smaller producers get their products ento the world

The current strategy is to reduce experts of unprocessed timber (now down to 10 per cent of total wood product sales abroad), to use pollution-damaged Bohemian pollution-damaged Bohemian trees (mainly pine) for house

construction and in wood com-posites, and to upgrade the quality and value of exports. Drevounia's most profitable line of exports to the West, for instance, is bentwood chairs which due to their lightness in weight and de-sign have become very popu-lar in Western homes and

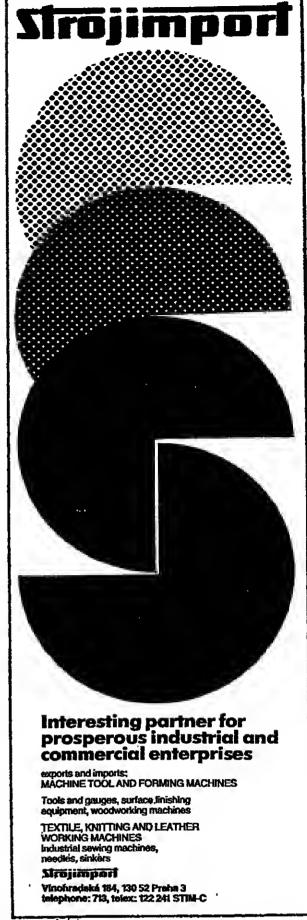
"We have supplied many London West End restaurants, even Buckingham Palace," claims Drevounia's former UK representative, "and we can't meet the demand." The probmeet the demand." The prob-lem is the number of man-hours going into these chairs, which require two-metre lengths of "clean" beech-wood that is steamed and bent into shape by hand. "Machines split the beech, you need the human touch with a feeling for the wood," Another Czechoslovak wood

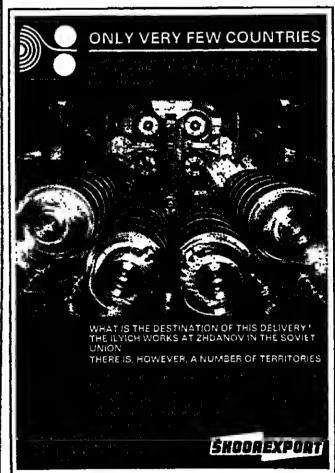
product Drevounia is pushing is weekend houses. It can supply these wooden dachas for between \$2,000 and \$50,000, depending on the customers' requirements, and despite heavy competition from Scandinavia is hoping to increase experts. In furni-ture, however, it has joined forces with Scandinavia, specifically in co-operation with Ikea, the Swedish trading house, which is opening its first outlet in the UK this

Virtually everywhere the main competition Drevounia faces is local, particularly in Scandinavia and West Ger-many (which is also its big-gest Western market). But only three Western countries impose special restrictions on Czechoslovak wood productsDenmark and Spain where there are quotes, and the U.S. which, in the absence of a "most favoured nation" tariff accord, imposes a 42 per cent duty en Czechslovak furniture. As for the East, the Soviet Union, the largest single buyer will take virtually as much as Drevounia and the industry

Responsibility for the wood-processing industry is divided (as it is for chemicals, tex-tiles and general light industry) between the Czech and Slovak republics. But Mr Stefan Chorvat of the Slovak industry ministry in Bratiindustry ministry in israt-shava is understandably more confident than is Mr Jirl Mares, vice industry minister in the Czech republic, about his wood sector's prospects, because Slovakia's mainly broad-leaved forests are much less affected by pollution.

According to the latest esti-mates cited by Mr Hares, 26 per cent of the Czech forests are now "of deteriorated quality," and 40 per cent will he by 1990. But he hopes that Czechoslovakia's commitment (along with other central European countries) to reduce its air pollutants by 30 per cent will be met in several ways. These include reducing the sulphur dioxide in acid rain by switching away from coal as a fuel, and installing "sniphur scrubbers" in remaining coal-powered stations. He points out the irony that the wood industry is the one sector mest affected by pollu-tion, but doing the least to create it, because the wood industry new relies almost totally for energy on burning its own waste.





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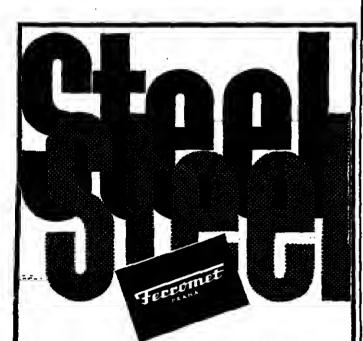
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Czechoslovakia—Basic Statistics

Area: 127,896 sq km Population: 15.5m Workforce: 7.5m

Federal capital: Prague

Official languages: Czech and Slovak

Head of state and communist party: President Gustav Husak Head of government: Prime Minister Lubomir Strongal

Exchange rate: Commercial rate 9.2-9.9 crowns per £1 (Oct 1985) Tourist rate 15.66 crowns per £1 (Oct 1985)

Net material product (NMP): 464.9bn crowns (1983) NMP per capita: 20,160 crowns (1983)

Self-reliance policy has been modified

Cars and Trucks LESUE COLITY

SKODA company duced its first car in 1905, which helps to explain why slovakia, unlike most other East European countries, has not linked up with a western motor company to produce e car under licence.

The Czechoslovaks were convinced they did not need west-ern technology to produce a car meeting the needs of home and Comecon markets as well as being saleable in the West.

This self-reliance has been somewhat modified for the forthcoming new Skoda model, which is to appear in 1987.

A front-wheel drive car, it has been designed by Bertone of Italy, and many of its parts are to be manufactured under licences from leading West German and UK component makers. Similarly, \$75m worth of western production equipment has been bought to enable higher quality standards to be achieved and to accelerate output.

A previous ettempt to cooperate in car manufacturing within Comecon ended in failnre, when Czechoslovakia and East Germany signed an agree-ment to develop a joint engine for their Skoda and Wartburg cars but could never agree on

key details. The new Skoda will not have The new Skoda will not have come too soon, as current models are virtually unchanged since the mid-1970s. Sales to western markets have, however, risen in recent years as Skodas are regarded as good hasic transport at a very low price. Skoda sells 110,000 cars annually on the domestic market and exports the remaining 80,000 of output, mainly to the West. This makes it Eastern Europe's largest exporter of cars to the West. in percentage of total production. Demand for Skodas at home Demand for Skodas at home has dropped in anticipation of the forthcoming model change, and Czechoslovakia is now the only East European country to offer its citizens cheap loans to huy cars.

Mr Jan Machaj, general man-ager of Motokov, the foreign trade organisation for road vehicles, says production of the new model Skoda could be

hoosted beyond 200,000 units annually if its reception abroad warrants the extra investments. Skoda is even considering the possibility of exporting the new cars to the U.S., after exper-iencing encouraging sales in Canada with its current range. The other Czechoslovak made

car, the Tatra, is a far more exclusive affair with only 300 of them being built each year. The Italian designed car which has an air cooled rear engine devours 18 litres of petrol per 100 km and is applicationly for 100 km end is exclusively for the use of Government officials and Czechoslovak diplomats. One Czechoslovak official noted that the car is a luxury which only the Tatra company can afford to produce. A smart looking face-lifted model was shown at the recent Brno Fair.

Tatra's reputation is based on its air-cooled heavy trucks which see service in the worst climete the Soviet Union has to offer and which are also exported to many countries.

Tatra also supplies Comecon'e armed forces with heavy trucks and missile transporters. Under e co-operation agreement with Renault, worth FFr 300m, the Avia factory which makes light trucks is to be enlarged and modernised. · Mr Josef Blecha of Motokov

ers on a possible licensing agreement to provide common truck can units for the country's three truck makers—Avia, Tatra and Liaz. These produce 70,000 trucks annually.

Exports of Czechoslovak tractors to the West are doing even letter than cars, according to Mr Machaj. Negotiations are under way with U.S. and Japan-cee engine makers for a small diesal tractor engine, and with a British company for a turbo-charman to have a barrel in the company for a turbo-charman to have a manually.

Proud member of substitution of substitution of summit substitution of substitution of substitution of substitution of summit substitution of substi charger to be used in a new model of the Zetor tractor.

Exports of Skoda cars to the West in 1984

UK	12,000
Denmark ·	7,000
Netherlands	4,500
France	3,500
Finland	2,500
Canada	2,300

Tourism LEGLIE COLITY

VISITORS TO Prague may some-times be reminded of what one resident in the city told me years ago: "Don't forget, Prague is to the west of

The Czechoslovak capital is very much in the heart of Europe. Prauge was Central Europe's largest city when the region's first university was founded in 1348.

A walk at dusk across the certical Charles Bridge with

treasures from five periods, the authorities have taken steps to ensure their survival for future is the best and cheapes generations. Cars and trucks getting around Prague,

have been barred from most of the Old Town and from Wences-las Square — with the exception of deliveries in the early morning hours and private cars belonging to visitors residing in are area's hotels.

The same of the same of the same of

The main cross street — it was once a most, separating the elongated square from the Old Town is being converted into an ettractive pedestrian mall. The air, as a result, is already notice-ably improved in the centre of Prague, which lies in a valley

very much in the heart of Europe. Prauge was Central Europe's largest city when the region's first university was founded in 1348.

A walk at dusk across the gothic Charles Bridge, with the towers of the Old Town silhouetted at one end and the mighty Prague castle dominating the Lesser Town, is one of the best ways to begin and end a visit to Prague.

Another memorable view of the city is from the statue of Bedrich Smetana et the end of Novotenho Lavky, a culde-sac which loks out over the small lapids on the river toward Charles Bridge and the castle. A small wine restaurant, The Three Graces, is conveniently located in the same street. Charles Bridge and the case.

A small wine restaurant, The in the Pankrac district, it but all amenities and is ten minutes by underground from Museum by underground from Museum in the centre of Prague.

Station in the centre of Prague.
The newly constructed underground with its Soviet-built cars
is the best and cheapest way of

Linancial Limes, ogeneral, occupating 19, 1900.

the courtvard in summer.

The old Prague ghetto has become a magnet for visitors from East and West with the oldest surviving synagogue in Europe, albeit with only a few Jews. At Prague Castle one can admire the windows of the Bohemian Office out of which were pushed the royal governors in May, 1618, the famous

Prague defenestration, which began the Czech rebellion against the Habsburgs and ushered in the 30 years war.
Castle Square outside is virtually an extension of the castle
with many notable buildings in-

cluding the baroque Sternberk Palace, now an art gallery, the Archbishop's palace and the renaissance Schwarzenberg

Czechoslovakia's architectural treasure house as well as music tours which include meetings with teachers at the conserva-The film Amadeus, ebout

Although Prague has a hotel shortage it has an abundance of intimate wine restaurants (Vinarny) and of course taverns (Pivnice) which serve the deep golden Pinner beer which, even Bavarian brewers admit, is unequalled. The most famous tavern is U Fleku, founded in 1499, which serves its special dark beer at long tables and in the courtyard in summer.

Mozart, was filmed largely in Prague. It has had a considerable impact on tourism to the able impact on tourism to the very average of 7 per cent annually. For those so inclined. Cedok also offers tours to the beer about the prague and to glassmaking establishments.

Outside Prague in Prague in prague, it has had a considerable impact on tourism to the city. The number of visitors to opposite the prague able impact on tourism to the city. The number of visitors to opposite the prague has been growing by an average of 7 per cent annually. For those so inclined. Cedok also offers tours to the beer the prague and to glassmaking the prague and the prague in prague. It has had a considerable impact on tourism to the city. The number of visitors to prague has been growing by an average of 7 per cent annually. For those so inclined. Cedok also offers tours to the beer breweries and to glassmaking the properties and the proper

Outside Prague the best known attraction in Western Czechoslovakia are the spa resorts of Karlovy Vary (Carlebad) and Marianske Lazne (Marienbad). Germans and Austrians are mainly attracted to the 12 warm springs of Karlovy Warn which are said to be

to the 12 warm springs of Karleyy Vary which are said to be especially beneficial for relaxing liver, gall bladder and gastric disorders.

For those in good health both spas have 18-hole golf courses and every couple of weeks a Swedish group arrives from Malmo for a reasonably priced week of golf. The finest hotel in Marianske Lazne is the 100-room Golf Hotel situated only room Golf Hotel situated only 100 metres from the greens and with its own pool, sauna and tennis courts.

Archbishop's passes and the renaissance Schwarzenberg Palace. The view over the Lesser Town from Castle Square is magnificent.

Cedok organises tours of Czechoslovakia's architectural treasure house as well as music towns and the picturesque towns and vineyards of sout term. Moravia. Everywhere the im the friendliness of the people is no less an asset for tourism

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Current Skoda models have changed little since the mid-1970s. A new model, to be kaunched in 1987, has been designed by

Less rigid approach is taken

overall economy), so it is insist-ing that would-be Czechoslovak borrowers of hard currency put loans to specific use (to moder nise, save on imports or boost exports) and guarantee repay-ment by demonstrating to the bank a reasonable rate of return on their investment.

Finance follows trade. The collapse of détente, in particu-lar new Western technology attempted U.S. ban on energy. "If the socialist community equipment for the Soviet Union, provides us with abundant feeling exposed commercially and vulnerable politically.

Proud of being the can give no precise forecast, which is a support of the socialist community and vulnerable politically.

The can give no precise forecast, and the socialist community and the socialist community and vulnerable politically. says negotiations have begun export controls, Western sanowith major western truck mak-

Prond of being a founder member of the GATT, Czecho-slovakia complained about illegal trade discrimination by the West, but it was also quick to rally to Soviet calls for closer to show the West, he expects equal to show the west, he expects to see the complete to the west, he expects to see the show the show the west, he expects to see the show Comecon integration. By the time of last year's Comecon summit (which called for further integration) Czechoslavakia was doing 73.5 per cent of its total trade with its eastern partners, compared with 65.5 per cent in 1980.

The slice of total trade done with the developed West dropped from 20 per cent to 15.7 per cent over the same five years. The trend continued in the first half of this year, with Socialist countries (Comecon, plus China and Yugoalavia) taking 77.7 per ceut of exports and supplying 83 per cent of imports.

How far will the trade shift to the East go? Mr Bohumil Urban, the wade minister says

CONTINUED FROM PAGE ONE Czechoslovakia's national income

ATCCHANGE & HEMARKI MAANIC							
(crowns bn)	*1983	+1984	% change				
Net national income	464.9	478.0	2.8				
Industry	267.5	273.5	1.5				
Agriculture/ferestry .	37.0	37.0	0				
Construction	51.4	52.2	1.5				
. Transport/communications	22.3	22.1	-2.0				
Trade and other	25.7	97.2	60				

* Statistical Yearbook 1984.
† Estimate by PlanEcon Incorporated, Washington DC, 1985.

restrictions or protectionism hy the West, he expects equal growth in exports to East and West in 1986-90, and imports to be a function of export earnings. Only the broadest outline of the 1936-90 plans goals is so far known: average 3.5 per cent cluded, growth in national income a year, 4-5 per cent annual in-

crease in overall trade, and somewhat higher investment not so much in expansion of plant capacity, but in refurbishing factories and moderntsing equip-ment—which happens also to be the Gorbachev direction for the Soviet economy. Yet, realisa-tion of these ambitions may require progress on three

 Specialisation. Czechoslovakia is in danger of becoming an industrial jack of all trades but master of none. The breadth of its industrial base lies in its of its industrial base lies in its history, first serving as general workshop to a largely agrarian Hapsburg empire, then performing the same function for the Soviet bloc, after the second world war had severed cooperation with and competition from, with Western firms.

Today Czechoslovakia covers so per cent of the some 400 "engineering fields" that exist in the world according to the Prague general engineering ministry. In specific products, this amounts to only 7-8 per cent of the total world range, but varying between 17 per cent of the world range in textile machines, 20 per cent of machine tools, 30 per cent of shoe-making machines, to 100 per cent of trucks and leatherprocessing equipment.

In some ways, this industrial omni-culture" of a country

Czechoslova	kia's ne
hard current	y debt
(\$hn) End-1982	2.8
End-1983	2.5
7717 7004	

 Net = gross debt minus
 Czechoslovak assets in Western banks reporting to the Bank for International Settlements (BIS) only. The net debt is lower or non-existent, if Czech assets in developing countries are in-

Soutce: UN Economic Complesion for Europe, 1884.

always has some technology in their line that needs updating. This is why they do such steady, if not spectacular, business at Brno trade fairs. But spreading industrial resources so wide and thin makes moder-nisation and innovation a hig problem for the Czechoslovaks themselves, despite the fact that 180,000 of them work in various kinds of research institutes.

Huge orders from the East give security but militate against innovation. Where else but the Soviet Union could CKD of Prague sell 5,200 diesel locomotives? Where else but Comecon could truck-makers like Tatra and Liaz sell more than 50,000 vehicles they produce each year? What non-Communist nuclear reactor maker can match the work-book of Skods, which is currently building 12 reactors inside Comecon?

The Eastern market is

Clearly, securing greater ad hoc. specialisation and modernies. If the tion through joint ventures war with Western firms is not likely (perhap

direct links" between companies of the various Comecon

Energy, Czechoslovakia's single worst economic and social headache is its depenindustry and its dependence, in energy, on pollnting hrown coal, it has according to energy ministry officials in Prague, the world's third highest per capita energy consumption behind the U.S. and East Germany. Sixty per cent of it is generated by coal, mostly brown coal, with low calorific and high sulphur content, and a major content. content, and a major contami-nant of Czech cities and forests. (Slovakia, to the East, has largely escaped this.)

The Government is now all to aware of the problem, and plans to reduce coal output from 125.5m tonnes this year to 105m tonnes by the end of the century (with brown coal the century (with brown coal going down from 99m to 80m tonnes). But, with decreasing to soviet oil supplies, and delays in Czechoslovakia's nuclear reactor construction programme, coal is perversely in needed as much as ever. Last year a record 129m tonnes was mined, and much of the 3.7 per cent rise in industrial output this year was due to increased power generation by coal. power generation by coal.

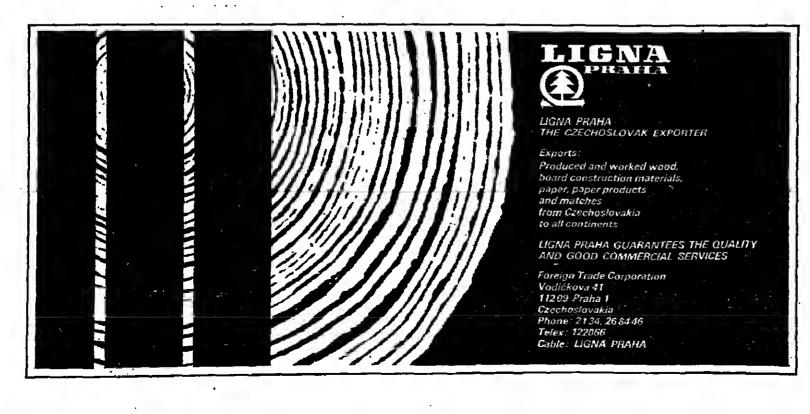
• Economic reform. The Government's "set of measures" is described as (perhaps led by Mr. Strongal) open-ended, in the sense that it has been added to since its 1981 inception and can be further amended. What it seems to lack, so far, is anoverall philosophy, linking prices, wages, incentives for extra work or initiatives.

Companies are supposed to be more self-financing and reliant, yet still lack a rational price structure to respond to. Energy prices have increased 50 per cent for households since 1980, but not for industry. Mandatory plan targets still proliferate, except in agriculture where they have been reduced to two (grain and meat).

More of the wage bill has been nominally set exide for performance-related bonuses but relatively few bonnses are actually earned or paid out, The Eastern market is becoming rapidly more demanding; indeed, as one senior Prague official says, the main impact of Mr Gorbachev on Czechoslovakia is that "now we will be producing, not for two different markets but one single, equally demanding, market worldwide."

Clearly securing greater actually earned or paid out, because workers have as many basic consumer goods as they want or as the state, allows them. The fiscal system has not been reformed to tax higher earners progressively more steeply; the exceptional supply negotiete tax payments and her

If there is an internal tug-of-war between reformers "omni-culture" of a country with only 15m inhabitants suits its trading partners. The Soviet to be the answer for an Union has a wide choice of Czechoslovak produce to exchange for its oil and tron ore, while Western engineering and machine tool companies, as distinct from sellers of consumer products, find Czechoslovakia selection and modernisation modernisation through joint ventures war between reformers were between reformers who want to push on with the West cannot be the answer for an who want to push on with the West cannot be tween to push on with the West cannot be tween to push on with the West cannot be tween to push on with the West cannot be tween to push on with the West cannot be the answer for an who want to push on with the West cannot be tween to



Sec. 22 1985

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday October 23 1985



Benedetti plans L300bn rights through Sabaudia

SIG Carlo de Benedetti is to raise L300bn (\$168m) through a rights is-sue on the Milan bourse of shares in Sabaudia, a financial subsidiary of Compagnie Industriale Riunite (CIR), the de Benedetti family company which has a 15 per cent stake in Olivetti and other important in-

Sabaudia is to be quoted in Milan for the first time tonorrow. CIR' controls 75 per cent of Sabaudia's present 100m ordinary shares, while the public owns 25 per cent.

A shareholders' meeting will be sked to approve plans for Sabandia to increase its share base by 50m ordinary shares and 150m non-voting savings shares. These will be

Alcan posts

'severe' drop

the North American aluminium

Net profit in the third quarter

was U.S.\$7m, or 7 cents a share,

against U.S.\$52m, or 53 cents, a

year earlier on revenues of U.S.\$1.4bn against U.S.\$1.3bn. For the first nine months net

profit was U.S.\$32m; or 32 cents,

against U.S.\$233m; or \$2.39, a year

earlier, Revenues were U.S.\$4.25bn against U.S.\$4.1bn.

Shipments of aluminium in all forms in the third quarter were

546,800 tonnes compared with

439,600 tonnes. A major reason for

the reduction earnings was the low

level of North American ingot prices. Overall, prices were slightly lower than for the second quarter of

1985. European earnings were also

lower than in the second quarter be-cause of the fall in the U.S. dollar.

Fourth-quarter results are not likely to show a significant increase

in earnings. However, the lower

capacity reductions should improve

performance in 1986 and the compa-

ny should benefit from any upward

Falling prices

By Bernard Simon in Toronto

COMINCO, the Vancouver-based

zinc, lead and fertiliser producer, suffered a loss of C\$28.4m

(U.S.\$20.8m), or 49 cents a share, in

the third quarter to September 30, reversing a C54m, or 1 cent a share,

Third-quarter sales slumped from

The setback was largely because of lower metal prices and conse

quent production cutbacks that

raised unit costs. Refined zinc

prices in North America have

dropped by 17 per cent in the past year and lead prices by almost a third.

Cominco's chairman, Mr. Norman

Anderson, said that zinc and lead prices had fallen to "distress levels."

With lower zinc prices failing to stimulate demand, he predicted

that "prices will remain lower

unless there is a reduction in both

smelter output and mine produc-

Mr Anderson said there appeared

to be little room for improvement in

the lead market because the sea-

sonal upturn in bettery sales in the

Cominco's mining and metals di-vision moved from a C\$28.5m op-

erating profit to a loss of C\$12.1m.

Similarly, a profit of C\$13.3m from

fertilisers and chemicals turned in-

Dollar boosts

Abitibi Price

ABITIBI Price of Canada, the

world's largest newsprint producer,

had higher earnings in the first

nine months mainly because of the

Larger contributions from most

operations and the inclusion of two

recently acquired distribution com-

panies also helped. The company, which is controlled by the Reich-mann family, sells the bulk of its

Third-quarter net profit was

C\$25.4m (U.S.\$18.7m), or 35 cents a

share, against C\$15.3m, or 21 cents,

on sales of C\$633m against C\$548m.

In the first nine months net profit

was C570.4m, or 99 cents a share,

against C\$48.7m. or 68 cents.

newsprint in the U.S. market.

high U.S. dollar exchange rate.

to a C\$7.7m loss.

U.S. was lower than expected.

put Cominco

in the red

profit of a year earlier.

C\$402.6m to C\$315.4m.

movement in prices.

in income

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dinary shares, thus keeping its stake in Sabaudia at 25 per cent of the eventual 150m ordinary shares. There will be a total-of-37.5m ordinary shares on the market.

The Sabandia rights issue is im-portant for Sig de Benedetti – who aside from being Olivetti chairman is a financier in his own right – because it will provide a large cash reservoir for future acquisitions. Meanwhile, it was learned yesterday that Sabaudia controls larger stakes in Pirelli and other compa-

priced at L1,500 each to raise last than previously thought. L300hn. Nominal value of each share is L1,000.

The public will be able to subscribe for 12.5m of the 50m new or subscribe for 12.5m of the 50m new or subscribe subs tyre and cables group. Sabaudia also has 8.10 per cent of Caboto Milano Centrale, the property and finan-cial group which is merging with Pirelli.

In addition, Sabaudia owns a to-In addition, Sabandia owns a to-tal of 23.1 per cent of the Mondadori publishing group. The de Benedetti vehicle also has 20.66 per cent of Euromobiliare, the investment bank, 13.8 per cent of the L'Espres-so publishing group, 11.96 per cent of the CRM metalurgy business and 1.87 per cent of Credito Romagnolo, the regional bank.

Buyout for Household International division

BY WILLIAM HALL IN NEW YORK

By Robert Gibbons in Montreal ALCAN Alumintum of Canada U.S. consumer finance and manushowed a severe decline in thirdquarter income, as expected and in ine with most major producers in

The sale, which will be structured as a leveraged buyout, comes only a payment equal to current book val-day after the management of R. H. ue, which at the end of 1984 totalled Macy, the New York department \$565m, plus \$125m of subordinated store group, announced a \$3.6hn bid to take the company private

group of dissident shareholders, announced yesterday that it had reached an agreement in principle sales, it contributed less than a fifth with a group of investors including of the profits in the first six months

HOUSEHOLD International, the Donaldson, Lunkin & Jenrette, the New York investment bank, and facturing group, is selling its mer-chandising operations to a group of pharmaceutical group, for the sale investors for close to \$700m. Foxmeyer, the Colorado-based of its merchandising subsidiaries. Household will receive a casi

acquiring corporation.

The merchandising operation through a leveraged buyout.

Household, which last year had annual sales of \$5.4bn and net fought off a threatened hid from a income of \$49.6m in 1984: Although the division accounts for over half Household International's total

notes and a 10 per cent stake in the

Mellon Bank earnings rise 10% in quarter

BY OUR NEW YORK STAFF

ed a 10.3 per cent increase in thirdquarter net income to \$47m.

The Pittsburgh-based banking group, which has been expanding its business through acquisitions, boosted net interest revenues by 14.6 per cent to \$226.2m in the latest three months, primarily because of higher loan volume. Its loan loss provisions totalled \$29.2m in the latest quarter, compared with \$31.9m a year ago. Net credit losses totalled \$20.3m, compared with \$16.5m in

the third quarter of 1984. chief executive, said the earnings ders' funds of \$1.5bn.
increase reflected improvement in The group had prim

MELION BANK Corporation, the slower growth in operating ex-11th biggest U.S. banking group penses. The growth in net interest and one of the last to report its quarterly earnings yesterday post-higher levels of interest bearing assets and wider spreads on invest-

ment securities. For the first nine months of 1985 Mellon earned \$158.7m, or \$5.56 a share, compared with \$115.1m. or \$4.11 a share, in the same period last year. The latest nine mouth figures reflect large gains from securi-ties trading and portfolio manage-men in the second quarter. At the end of September, Mel-

lon's assets stood at \$31.9bn and shareholders' equity exceeded \$1.6bn. At the end of 1984, the group Mr J. David Barnes, Mellon's had \$30.5bn in assets and shareho The group had primary capital of

net interest revenue and fees and \$2.2bn at the end of Sep

The legislation gives Chase im-

mediate banking privileges in Maryland in return for its purchase

of Merritt Commercial Savings and Loan in Baltimore, Chesapeake

Savings and Loan of Annapolis and Friendship Savings and Loan of

Thrift deal cleared

THE MARYLAND State Senate has finally approved the purchase by Chase Manhattan, the U.S. bank, of three state insured savings and than the two-thirds majority reloan institutions that have been operating under withdrawal limita-

ended a five-day Senate revolt against the bail-out plan negotiated by Chase and Mr Harry Hughes,

The vote early yesterday adopted an emergency exception to Mary-land's ban on out-of-state banks and

Goodrich sales and profits fall

BY OUR FINANCIAL STAFF ducer that earlier this year an-nounced a big restructuring, yesterday reported a fall in profits for the

or 2 cents a share, including an unusual tax charge of \$10m, compared with profits of \$25.5m, or \$1.67, a

third quarter of 1985. Net income fell to just \$800,000, year earlier. For the first nine tyres and months of 1985, the company lost markets.

B. F. GOODRICH, the U.S. tyre pro- \$349.4m after a one-time restructuring charge of \$326.6m, compared with net profits of \$87.8m. Sales slipped in the latest quarter from \$851.5m to \$834.9m, and from \$2.54bn to \$2.43bn in the nine

> The depressed third quarter was blamed on poor conditions in the tyres and polyvinyl chloride resins

SBC and Swiss Re to raise

capital

SWISS BANK Corporation and Swiss Reinsurance both launched

international share issues yester day to raise approximately SwFr 350m (\$182m) and SwFr 230m,

SBCs issue is of 700,000 bearer shares, of which 250,000 will be placed domestically. The syndication of the other 450,000 shares is being co-ordinated by Swiss Bank Corporation International. Nine individual syndicates are being formed representing nine different

The issue price will be set at whatever level the shares close at on October 30. Yesterday the shares closed at SwFr 497. The issue will increase the bank's share and particination certificate capital by 23

per cent. The issue of 100,000 bearer participation certificates for Swiss Re is being lead-managed by Credit Suisse First Boston and is the insurance company's first interna-tional share offering.

Suchard plans capital raising for expansion

By John Wicks in Zurich SUCHARD SCHOKOLADE, the

Austrian chocolate subsidiary of the Swiss Jacobs-Suchard group, is to acquire the Tulln-based cocoa and chocolate producer Bensdorp from Unilever on January 1.

The price to be paid to Osterrei chische Unilever bas not been decided. It will be determined, according to a joint communique, on the basis of an agreed formula.

The takeover will strengthen Jacohe Sochard's position as the leading company in the Anstran choco-late market, Already, Suchard Schokolade, of Bindenz, and Mirabell, of Groedig, have an annual turnover of about AS 179m

raise its share capital considerably to finance expansion of its international business.

The company proposes to raise its share capital of registered and bearer shares by SwFr 58.6m (\$27.1m) to SwFr 188m. It will simultaneously raise participation cer-tificate capital by SwFr 2.6m to SwFr 10.5m.

The company also amounced that its results in the first nine months of 1985 surpessed those for the same period last year. The group's profits had risen 9.1 per cent to SwFr 129.2m in 1994 from SwFr 110.2m in 1983.

Current shareholders would be eligible to purchase one new secur ity for each three securities of the same type already held. One new bearer share would cost SwFr 3,500; a new registered share would cost SwFr 700 and a new participation certificate would cost SwFr 350.

Esab profits jump 67%

By Our Stockholm Staff FSAB, the world's leading manufac

turer of welding equipment, reports a 67 per cent rise in pre-tax profits to SKr 187m (\$17.2m) for the first nine months to end September. Turnover climbed 34 per cent, or SKr 739m, to SKr 2.9bm, of which newly acquired companies contrib-uted more than half. Operating costs after depreciation rose by SK 72m to SKr. 212m. Net financial costs grew by SKr 16m to SKr 75m. Bahco, the Swedish engineering company, reports earnings before appropriations and taxes climber from SKr 53.7m to SKr 144.1m Sales fell by 33 per cent to SKr 122bn. Operating results after de-preciation fell SKr 50m to SKr

Asken to sell industrial operations

BY DAVID BROWN IN STOCKHOLM

consortium of managers affiliated trading group. with the group in a deal worth more than SKr 200m (\$26.2m). The deal will relieve Asken of

Kaber, its managing director.

Asken is controlled by Mr Erik Penser, the UK-domiciled Swedish financier, who also owns the investment companies Carnegie and Ygg-

The so-called "Penser sphere" has made extensive acquisitions beyond its majority holding in Carnegie, which is the country's largest bro-

Many of its acquisitions were fi. per cent volume drop in retail sales. nanced during the boom in share prices on the Stockholm bourse, but the brought a loss of SKr bm from part of a large debt-service burden the empire has been squeezed by a an SKr 14m gain last year. Howafter investments of more than SKr decline in the value of its holdings ever, extraordinary income of SKr and the high interest costs associat- 216m from the sale of Svea, the ed with their acquisition. It has already been forced to sell holdings tax result to SKr 207m. worth some SKr 1bn this year.

sold include textile and other machinery as well as specialised paper production facilities.

Meanwhile Saha, which is 70 per cent controlled by the Penser em- 1984.

ASKEN, the Swedish investment kerage house. It is also a major pare, reports its operating profits af-company, has announced plans to shareholder in Nobel Industries ter depreciation for the eight sell its industrial operations to a and the Saba retail and wholesale months to Angust fell from SKr 96m to SKr 72m, due largely to an 8

property company, brought the pre-

The industrial operations to be traditionally generated during the The bulk of group earnings are final four months of the year. The company forecasts full year results after financial items on the same level as the SKr 220m achieved in

Borrowers flood market

BY OUR EUROMARKETS STAFF

IBM and Unilever set the Eurodollar bond market alight yesterday with both being able to add to their deals because of strong demand. Other borrowers, keen to lock into current interest rates, also flocked

IBM, through its IBM World Trade subsidiary took the unusual step of leunching a second \$100m issue rather than increasing its first \$150m deal. The second deal, which is fungible with the first, has a 1/4 point higher issue price. Otherwise, terms on both are the same with a 10-year maturity, 10% per cent couon and fees of 2 per cent. The first deal has a 100% issue price and the second came at 100%, Salomon

Brothers led both.
IBM's cost of funding on the first issue was only 12% basis points above the U.S. Treasury yield curve. After the increase, the bonds slipped back to trade around 99%.

Unilever Capital Corporation is another popular name with Eurobond investors and Morgan Guar-anty increased its seven-year issue from \$100m to \$150m. The coupon is 9% per cent and issue price 99%. In spite of breaking through the 10 per cent coupon level there was good demand for the bonds, which were trading inside the ¼ per cent selling

Late in the day, the European Inrestment Bank jumped on the badwagoa with a \$200m, nine-year deal, led by Swiss Bank Corporation International. This pays a 10% per cent coupon and is priced at 29%. With 2 per cent fees, EIB's cost of borrowing is 25 basis points above Treasury yields. The bonds were quoted around 98%.

An issue for Corporate Property Investors was also trading well This is the largest U.S. equity real estate investment trust which owns, among other assets, a 30 per cent interest in an option to buy the General Motors building in New York, The \$100m issue, led by Morgan Guaranty, has a seven-ye a 10% per cent coupon and 99% issue price

British Petroleum was the second borrower to use Bankers Trust's structure of a dollar bond with repayment linked with the yen to dol-lar exchange rate. The \$100m issue will be redeemed at \$100m if the exchange rate is Y189 to the dollar or more. If the yen strengthens, the repayment value falls. In return, investors get a higher coupon fo 11% per cent for 10 years in BP's case, and issue price is 101.

Secondary market Eurodollar bonds gained around % point yes-terday, helped by the New York

The D-Mark bond market is in poor shape, with secondary market prices falling by % point on average yesterday. Two new deals were a further depressant. R. J. Reynolds lannched a DM 265m 15-year issue, which is Morgan guaranty's first lead management in this market. Traders criticised the maturity of the deal, which is unusual in Germany. The 8% per cent coupon is higher than Reynolds would have paid only weeks ago. The par price bonds were trading around 98, inside the 2% per cent fees.

Ireland was the other borrower, paying a 6% per cent coupon, but

with a 99% issue price. Commerz-bank led this one, which was also trading at around a 2-point dis-

The Canadian dollar market is in a similar plight, with far too many deals being launched at once as borrowers find cheap financing terms. Yesterday, General Motors Acceptance Corporation (Canada) launched a CS75m six-year deal

with a 10% per cent coupon and a 100% issue price led by Orion Royal Bank. The fees are 1% per cent and although trading in these issues is slow to start, some dealers quoted the bonds outside the fees, Royal Trustco's CS75m five-year 10% per cent issue, led by CIBC, was suffering as well.

In the Euro-New Zealand dollar bond market, Fiat Finance and Trade launched a NZ\$50m issue with a three-year life. The coupoa, at 18 per cent, is the highest in the sector. Banque Paribas set the issue price at par and fees total 1% per

 The World Bank has organised a third multi-currency financing programme with European savings banks, the deal includes: a DM 350m, seven-year private placement led by Bayerische Landesbank; a DKr 300m, seven-year public issue led by Sparekassen SDS; a Fl 75m loan arranged by Bank der Bondsspaarbanken; a Sch 500m domestic private placement, also for seven years, managed by Girozeatrale und Bank der Österreichischen Sparkassen; a Lux Fr 300m domeswith a DM 200m 10-year issue also D'Epargne of Luxembourg and a possible further tranche.

Takeover for Belgian zinc

producer

THE SHARE price of Societé des Mines et Fonderies de la Vieille-Montagne fell back in Brussels yes-terday after the disclosure that Union Miniere had gained majority control of the company with the purchase of a further block of 86,000 shares worth about BFr 6.6bn

Union Miniere, a wholly own subsidiary of Société Générale de Belgique, and the pillar around which the holding company has been grouping its mineral activities, has in recent mouths built up its stake in Vieille-Montagne from 39 per cent.

Vieille-Montagne, which over the past two years has been the subject of sporadic speculative interest on the market, was trading on Monday at BFr 7,750 and yesterday BFr 7,450, in the top end of its BFr 5,000 to 8,470 price range for this year.

The latest Union Miniere acquisition was purchased at just under neath prevailing market levels, the company said. The identity of the sellers has not been disclosed but there is speculation it they could be a group of investors that built up a 9 to 10 per cent stake in Vieille-Montagne last spring.

Vieille-Montagne's main activities are zinc mining and processing.

New Issue October 23, 1985



NESTE OY

DM 150,000,000 6 ¹/₂ ⁰/₀ Bearer Bonds of 1985/1992

Offering Price: Repayment Listing:

6 1/2 % p.a., payable annually on November 1 November 1, 1992 at par Frankfurt Stock Exchange

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der österreichische Aktiengesellschaft Handelsbank N.W. (Overseas)

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INTERNATIONAL COMPANIES and FINANCE

Norway's OIL BANK

As Norwegian energy reserves are so substantial, petroleum business is of great importance to the country's economy. Union Bank of Norway has all the experience and expertise of project finance for the North Sea, as well as managing and underwriting syndicated loans and new issues. Contact in Norway Carl Erik Haavaldsen or Tom Fronth-Mathisen.

Norway's CAPITAL MARKETS BANK

UBN are active as managers and underwriters in Eurobonds in Kroner and other currencies, Government Bonds and Viking Bonds - the last of which we originated. Overall our role in the Euromarkets is a vital part of the growing internationalisation of the Norwegian Banking industry. Contact in Norway Per Hagen or Morten Engebretsen.

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We offer a complete range of asset and liability management services. This includes currency options, financial futures and interest rate and currency swaps. We are also the main supplier of foreign currency to the savings banks, a role that has increased both in size and importance as the banks themselves have grown. Contact in Norway Geir Bergvoll or Bjørn Kaaber.

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The Norwegian Stock Market has outperformed most stockmarkets over the last few years. UBN has one of the biggest stock exchange departments in Norway and is well equipped to take care of your equity transactions. We also have a leading position in domestic bond issues and secondary market trading in bonds. Contact in Norway Knut Ørbech or Stein Jodal.

Norway's New Bank

Union Bank of Norway was created on 14th October by a merger between Sparebanken Oslo Akershus and Union Bank of Norway Ltd. (Fellesbanken A/S). We are one of the "big four" in Norway with total assets of U.S. \$4.0 billion. The new bank will also be the central bank to the more than 200 savings banks in Norway with a unique network of more than 1,300 outlets all over the country.

London: Senior Representative Malcolm Stuart Allen. Tel: 01-248 0462. New York: Representative Arthur L. Reisch. Tel. (212) 986-0614. Luxembourg: (Subsidiary) Managing Director Øyvind Parnemann. Tel: 4768731. ■ Copenhagen: Representative Ole Mölgaard. Tel: 451-11 27 33. Helsinki: Representative Fred Sundwall. Tel: 3580-1725239. Stockholm: Representative Hans Wenehult, Tel: 468-7901379.

Head Office: Kirkegaten 14-18, Oslo, P.O. Box 1172 Sentrum, 0107 Oslo 1. Tel: (472) 31 90 50. Telex 19470 UBN BK. Domestic name: Sparebanken ABC.

Union Bank of Norway

Porgera gold find fillip for partners

By Michael Thompson-Noel in

Partners in the Porgera gold prospect in Papua New Guinea (PNG) have announ-ced the discovery of a poten-tial bonanza—a highgrade sec-tion of 1.7m tonnes of ore averaging 40g of gold per

The news galvanised Australian share markets, as analysts viewed a gold discovery of this grade and magnitude as extremely rare.

Shares in Placer Development, which manages the prospect, rose A\$7.50 yesterday to A\$30. MIM Holdings gained 5 cents to A\$2.62, and Renison Goldfields 60 cents to A\$6.10. Each has a one-third stake in Porgera, in the rugged PNG Highlands.

rugged PNG Highlands.
The total ore body at Porgers contains 59m tonnes of ore grading 2.55g of gold per tonne, which is probably not economical. However, within that body is a section of 15m tonnes grading about 6g per tonne, and within that section a sub-zone of 1.7m tonnes at 40g per tonne.

The sub-zone is therefore

The sub-zone is therefore
22 times as rich as Australia's
biggest producing gold mine
—Kidston, a northern Queeusland—although recovery costs
in the PNG Highlands would
be apprecially greater.

Le Priches Partender Sir • In Brisbane yesterday Sir Bruce Watson, chairman of

MIM, spoke enthusiastically of the Porgera discovery. He also defended MIM's recent controversial decision to raise its stake in Asarco, the troubled U.S. mining group, to 32.4 per cent, by paying Mr Robert Holmes à Court A\$140m (US\$98m) for 2 13.3 per cent parcel. MIM already has large

debts.
The coal division, Sir Bruce added, was expected to return to profit this year after an A\$12.5m pre-tax loss in

Malaysia to tighten banking laws

session of parliament aimed at giving it wide powers to crack accept the need for such an down on abuses, including the amendment, but as the final power for Bank Negara, the draft of the Bill is still not central bank, to take over an ailing bank or financial institu-

Under the present law, Bank

were capable of managing the mium will be taken into account hank. This new power is by Bank Negara. intended to protect minority. It is understood, however,

Malaystan bankers generally available, they are uncertain about the full scope of central bank powers in this respect.

Bankers had objected to the Under the present law, Bank
Negara can help a financially troubled bank only by being the lender of last resort, but under the proposed amendments to bank Negara in determining the proposed amendments to bank Negara in determining when a bank or financial interesting its financial obligations," either to grant loans or bny and in setting the price to be control of a bank to save it paid for control of the bank.

The central bank would then high financial premium in The central bank would then high financial premium in murse it back to financial health before selling off the shares to other parties which it thought were capable of managing the

and the subsequent disposal of their shares once they are financially sound.

Another amendment that is worrying to bankers is the proposal making it a criminal offence for bank directors and officers to exceed the limits of their lending powers. While this is designed to prevent an occurrence similar to the Hong Kong loans scandal, which cul-minated in the state rescue of Baok Bumiputra, bankers say the original draft amendment is so loosely worded that It gives enormous powers to the Finance Minister.

One banker said: "Under the amendment, the Finance Minister can, theoretically, end up as the chief operating officer of the banks because be can issue

THE Malaysian Government is shareholders and depositors that a committee would be set instructions to every director to introduce several banking from abuses and malpractices up to advise Bank Negara on and officer as regards their lending in the current budget by majority shareholders.

Bills in the current budget by majority shareholders.

The Malaysian Government is shareholders and depositors that a committee would be set instructions to every director and officer as regards their lending to the acquisition of ailing banks. ing limits and which areas they are supposed to lend."

Two other Bills — making amendments to the Banking and Finance Companies Acts would limit future bank owner-ship to a maximum of 10 per cent for an individual or family. and up to 20 per cent for com panies and co-operatives. This. however, will not apply to foreign banks which want to restructure in accordance with Malaysia's new economic policy. and foreign parent companies can still retain a maximum stake of 30 per cent.

Commercial banks merchant banks are also probibited from having cross-holdings in other commercial banks and in subsidiaries of other banks and finance companies which are not within the group.

Investments boost earnings at Wattie

By Dai Hayward in Wellington

WATTIE INDUSTRIES the New Zealand food group, has lifted net profits for the year by 33.5 per cent to NZ\$ \$1m (U.S.\$35.6m). Most of the increase came from its investments in other leading New Zealand compaines.

Returns from investments in such companies as NZ Forest Products, the Goodman Group, and Waitaki NZ Refrigeration jumped 143 per cent to provide NZ\$ 20.9m. Equity samings from associated companies contributed NZ\$ 30.5m.

The company is offering a one-for-five bonus issue and a final dividend of eight cents a

Company assets held in invest-ments jumped from NZ\$198m to NZ\$336m. Wattle's biggest trading section is consumer foods, where its assets edged up NZ\$ 6m to NZ\$ 226m.

Returns from those companies in which it has stakes of between 24 and 30 per cent meant that Wattie's earnings from investments became its largest profitmaking sector for the first time.

The result was also helped by the absence of any tax bilt. This

was due to export incentives and those granted for developing new markets in Australia. Last year the company's tax bill was NZ\$ 9.9m. Export incentives are now being phased out by the Government.

Wattie shares closed 3 cents down in Wellington yesterday at NZ\$ 3.98.

Chinese provincial agency to issue Y10bn bonds

BY YOKO SHIBATA IN TOKYO

FUJIAN Investment and enter-prise Corporation plans next month to issue Y10bn (\$48.4m) in samural bonds, in what is believed to be the first public bond offering in Japan by a Chinese provincial financial

Bank of China, the country's central bank, has tapped the yen-dominated market through a public offering in the past, while the Fujian ageocy came to the Japanese capital market in 1983 when it raised yen funds through a private placement together with the China Inter-national Trust and Investment Corporation (Citic).

Reflecting the province's need to fund modernisation projects, the institution has decided to tap the samurai bond market through a public offering of 10-year bonds. The issue will be lead-managed by Nomura Securities, with the Bank of Tokyo as a main trustee bank. The Japanese Underwriters'

NOTICE

NACION ARGENTINA

U.S.\$ 25,000,000

Floating Rate Notes due 1987

In accordance with the provision of the Notes, notice

is hereby given that for the six-month interest period

from 23rd October, 1985, to 23rd April, 1986, the

Notes will carry an interest rate of 8% per cent per

annum and the Coupon amount per US\$5,000 will

be US\$216.44. Interest payment date is 23rd April.

Daiwa Singapore Limited

Agent Bonk

The Diary of a Somebody.

£100,000,000

Floating Rate Notes 1992

Notice is hereby given that the Rate of Interest for

111/16% p.a. and that the interest payable on the

relevant Interest Payment Date, April 22, 1986, in respect of Coupon No. 1 will be £291.39.

County Bank Limited

the initial Interest Period has been fixed at

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October 1985

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BANCO DE LA ...

FUJIAN Investment and Enter- Association at the same time revealed that four yen-denominated samural bonds are to be issued for a total of Y155bn in December. Citic is due to float a second series of 10-year bonds totalling Y30bn. while other issues planned are the Irisb Government's sixth series 10-year honds for Y20bn, the Swedish Government's ninth series 12-year bonds for Y75bn. and the Spanish Government's fifth series 10-year bonds of

> The association said privata placements of yen-denominated samurai boods would reach a record Y32.5hn in October. The previous peak was Y30bn in June 1978.

Last week, the Turkish Tour-ist Development Bank issued Y7.5bn seven-year yeb bonds by private placement and the Indian Industrial Finance Corporation signed ten-year bonds for Y5bn. Other small borrowers as Trinidad and Tobago (a seven-year issue for Y10on) and the West Australian Energy Agency (a 10-year bond for Y10bn) are scheduled to sign this month.

Thai Shell in venture with state group

By Boonsong K'Thana in Bangkok THAI SHELL EXPLORATION AND PRODUCTION, an exploration unit of the Royal Dutch/Shell Group, has reached agreement to farm ont its oil concession in Thailand and to concession the concession of the concession of the concession in Thailand and to the coll of medical unit to the sell oil produced under it to the state-run Petroleum Authority of Thailand (PTT).

The joint venture, the first for a Thai agency, is to cost \$US50m in the initial acquisition of a 25 per cent interest in Thai Shell's \$,012 sq km concession in the Central Plains, now producing about 20,000 harrels per day of light crude.

Under the agreement, PTT is entitled to boost its share in the acreage based on a formula linked to crude output, PTT can

linked to crude output PTT can take as much as a 50 per cent stake if production exceeds 150,000 b/d.

Pricing of the oil is in line with that charged for the Phet crude which PTT has been buying from Thai Shell since January 1983, when production from Thai Shell's Sirikit field

began.
The new formula, described as "permanent," is based on the average posting prices four crudes — Malaysia's Miri, Indonesia's Han Dil, Brunei's Seria, and Arabian light—bot allowing an 81 per cent dis-count. The current price, for domestic use, is around \$25 a

Third-quarter slowdown at Matsushita Electric

RECEIVED TO THE SACTORIES TO 1900

BY OUR TOKYO STAFF

MATSUSHITA ELECTRIC industrial, the leading Japanese
electronics group, suffered a
slowdown in growth both for
consolidated sales and net
profits in the third quarter to
August 20 because of the
maturity of the market for
video cassette recorders (VCRs) and small potential demand for

Net profits rose just 2 per cent to Y59bn (\$273.5m). Income before tax and minority interests was Y163.9bn, up 5 per cent from the previous year,

MATSUSHITA ELECTRIC In Y1.238.5bn showed a gain of 6 dustrial, the leading Japanese per cent from the Y1,173.1bn recorded in the previous year. For the nine months, con-

solidated net earnings rose 12 per cent to Y186.8hn on sales of Y3,729.9hn, up 9 per cent from the previous year.

Kyodo adds from Tokyo: Akai Electric, the recession-hit maker of audio products, has announced a package of rebabilitation measures, including a tie-up with Mitsubishi Electric ranging from developon group sales which at ment to marketing,

Notice to Holders

New Zealand

Adjustable Rate Extendible Notes, Series A

Pursuant to paragraph S(e) of the Fiscal Agency Agreement dated November 7, 1984 between New Zealand and Citibank, N.A., fiscal agent, notice is hereby given that New Zealand has designated a Subsequent Repayment Date and interest rate for the period ending on such Subsequent Repayment Date, with respect to New Zealand's Adjustable Rate Extendible Notes, Series A (the "Notes").

Subsequent Repayment Date

New Zealand has designated February 5, 1986 as the next Subsequent Repayment Date.

The interest rate on the Notes from November 6, 1985 to February 5, 1986 will be equal to (a) the weighted average per annum discount rate for direct obligations of the United States with a maturity of 91 days ("91-day Treasury bills"), expressed as a bond equivalent on the basis of a year of 365 or 366 days and applied on a daily basis, at the applicable 91-day Treasury bill auction (the date of such auction being herein referred to as an "Auction Date") as published by the Board of Governors of the Federal Reserve System or (if not so published) as reported by the Department of the Treasury (the "91-day Treasury bill rate") //as (b) the Applicable Spread (as defined below) for such Auction Date.

Soch Treasury bills are usually sold at auction on Monday of each week unless that day is a legal holiday in which case the auction is usually held on the preceding Friday. If such Treasury bill rate ceases to be so published or reported prior to February 5, 1986, the then current rate of interest will remain in effect until the earlier of February 5, 1986 or such time as such rate is again published or reported.

The interest rate will be subject to adjustment on the calendar day following each auction of 91-day Treasury bills: provided, however, (i) that the inserest rate in effect for the period from November 6, 1985 through the date of the first 91-day Treasury bill auction after such date shall be based upon the results of the most recent 91-day Treasury bill auction prior to such date, and (ii) that the interest rate in effect for the ten day period immediately prior to February 5, 1986 shall be based upon the results of the most recent 91-day Treasury bill auction prior to the tenth day preceding such date.

The "Applicable Spread" for an Auction Date will be equal to the greater of (a) 60% of the

amount by which three-month LIBOR on such Auction Date (determined as provided below)

exceeds the 91-day Tressury bill rate on such Auction Date and (b) 80 basis points.

Three-month LIBOR on an Auction Date will be equal to the arithmetic average (rounded upward, if necessary, to the nearest multiple of 1/16 of 1%) of the quotations provided by the principal London office of each of the Reference Banks (as defined below) to the Fiscal Agent on such Auction Date for United States dollar deposits for the three month period beginning on such Auction Date as offered to leading banks in the London interbank market at approximately 3:00 p.m. (London time) on such Auction Date. If on any Auction Date at least two Reference Banks provide quotations to the Fiscal Agent, three-month LIBOR on such Auction Date shall be the arithmetic average (rounded as stated above) of such quotations; if on any Auction Date less than two Reference Banks provide such quotations, then three-month LIBOR on such Auction Date shall be the same as three-month LIBOR on the immediately preceding Auction Date. "Reference Banks" means Citibank. N.A., The Chase Manhattan Bank (National Association) and Lloyds.

Each holder of a Note will be deemed to have elected to extend the date of repayment of such Note to February 5, 1986 unless the form entitled "Option to Elect Repayment" appearing on the reverse side of the Note or a facsimile or telex thereof, duly completed by the holder of such Note, has been received by the Fiscal Agent, in the case of Notes in registered form, at its address at 111 Wall Street, Registered Bond Processing Department, Fifth Floor, New York, New York 10043, and in the case of Notes in bearer form, at the main office of the Fiscal Agent in London, NOT LATER THAN JANUARY 27, 1986.

Dated: October 16, 1985

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New Issue October 23, 1985

Landesbank Schleswig-Holstein Girozentrale



Australian Dollar 30,000,000 13% Bearer Notes due 1990

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Generale Bank N.V.

Kredietbank N.V.

Paribas Limited

INTL. COMPANIES AND FINANCE

Union Carbide takes \$1bn special charge

BY WILLIAM HALL, IN NEW YORK UNION CARBIDE, the troubled pre-tax basis. U.S. chemicals group, reported a \$543m after-tax loss in its third

White 23 1985

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restructuring programme.

The charge is slightly larger than the figure given in late August at the time of the restructuring announcement. When added to the exrecistion charge it means 1985 third-quarter that third-quarter earnings have were a been depressed by \$1.06bn on a share

The group says that leaving aside the impact of the special charges its

Restructuring costs hit Crown Zellerbach

BY OUR NEW YORK STAFF

CROWN Zellerbach, the U.S. West

three months to the end of September was \$21.6m, or 64 cents a share, pared with \$22.9m, or 70 cents. For the first nine months Crown lost \$43.9m, or \$2.04 a share.

The company says the restructur-ing charges "reflect the cost of fur-ther focusing the company on its

Zellerbach's chief executive, said: "Although there were few bright spots in the marketplace during the quarter, Crown's operating re

C\$ C\$ 1.6m 1.5m 15.5m 7.7m 1.31 0.64

1964 8 229.km 30.6m 2.36

487,3m 97m 7.46

1984 8 437m 20,5m 0,78

1,24bm 53,1m 1,96

1984 3 275,6m 18,6m 0,94

467.5m 37.1m 2.02

1984 8 473.9m 46.7tm 1.37

1005 8 371.4ss 37.3ss 1.32

1965

312.5m 319.1m 1.89m 448m 0.03 0.08

1985 \$ 2.17hm 278.2m 0,72

8,5hq 1,04hq 2,71

1985 8 299.9m 14.8m 0.48

Loss

North American quarterly results

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an ad-

FLOATING BATE



Continued on Page 37

Sfr. 50,000,000 The Republic of Trinidad and Tobago Floating Rate Notes Due 1990

Citicorp Bank (Switzerland)

Banque Kleinwort Benson SA

Daiwa (Switzerland) Ltd. . The Industrial Bank of Japan (Schweiz) AG

LTCB (Schweiz) AG . Samuel Montagu (Suisse) S.A. . Soditic S.A.

Special Adviser to the Issuer: PaineWebber International September, 1985

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U.S. \$60,000,000

Floating Rate Notes due 2000

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Banque Paribas Capital Markets Dai-Ichi Kangyo International Limited Deutsche Bank Capital Markets Limited Kansallis Banking Group

Mitsui Trust Bank (Europe) S.A. PaineWebber International

Sumitomo Finance International

The Taiyo Kobe Bank (Luxembourg) S.A.

Westdeutsche Landesbank Girozentrale

Yamaichi International (Europe) Limited Yasuda Trust Europe Limited

Crédit Commercial de France

Daiwa Europe Limited

IBJ International Limited

LTCB International Limited

PK Christiania Bank (UK) Limited

Smith Barney, Harris Upham & Co.

Svenska Handelsbanken Group

Tokai International Limited

IRELAND . U.S.\$100,000,000

Hoating Rate Notes due October, 1988 per cent per annum. The Coupon Amounts will be US\$216.44

and US\$1,082.20 for the US\$250,000 denomination and will be payable on 24 April, 1986 against surrender of Coupon No. 9.

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....U\$\$100,000,000 FLOATING RATE NOTES DUE JANUARY, 1995

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Arab Banking Corporation (ABC) **Banque Paribas Capital Markets** Citicorp Investment Bank Limited Fuji International Finance Limited Goldman Sachs International Corp. Morgan Grenfell & Co. Limited The Nikko Securities Co., (Europe) Ltd. Société Générale

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

Banque Nationale de Paris James Capel & Co. Dai-Ichi Kangyo International Limited Genossenschaftliche Zentralbank AG Lloyds Merchant Bank Limited **Morgan Stanley International** Nomura International Limited Sumitomo Finance International

Swiss Volksbank

Westdeutsche Landesbank Girozentrale

Yamaichi International (Europe) Limited

VW-Audi accelerates towards top place in European car sales

ABBEY LIFE GROUP PLC. STATEMENT OF RESULTS, HALF-YEAR TO 25 JUNE 1985, ÁND INTERIM DIVIDEND ANNOUNCEMENT.

STATEMENT OF RESULTS, HALF-YEAR TO 25 JUNE 1985. The following figures, which are estimated and unaudited, compare Group performance in the first half of 1984 with the first half of 1985, with full year 1984 performance also shown.

	First Half 1985 £m	First Half 1981 £m	Full Year 1984 £m
NEW INITIAL COMMISSIONS.	24.1	24.1	45.5
NEW PREMIUMS. (Annual Rate) Regular Premium Life	16.2	20.3	35.9
Single Premium Life & Annuities	43.5	64.8	129.6
Pensions	35.4	27.5	55.2
Health and Other	2.0	2.0	3.2
TOTAL NEW PREMIUMS.	97.1	114.4	223.9
PREMIUM INCOME.	1,84.1	186.9	376.1
LIFE FUNDS.	1844.8	1628.4	1801.9

INTERIM DIVIDEND

In the Offer for Sale of Shares in Abbey Life Group plc in June 1985, it was stated that the Directors expected to recommend an interim dividend of 2.2p per share (3.14p inclusive of tax credit); the Directors are pleased to confirm that a dividend of this amount will be paid on 29 November to all shareholders on the register at close of business on 7 November.

A STATEMENT BY THE CHAIRMAN, MICHAEL HEPHER

As forecast in the Prospectus, business was very buoyant for the Group during the first-half of the year, mirroring closely the trading pattern of the first six months of 1984. The results then and in 1985 were distorted, beneficially, by the effects of Government Budgets. In the first six months of this year, new initial commissions - the most

meaningful measurement of future profit performance - were boosted by a surge in pensions business resulting from rumours that new schemes would be treated unfavourably in the March budget.

The interim results for 1984 were similarly boosted by a major increase in life assurance sales, prior to the abolition of life assurance premium relief. Whilst sales since June have been marginally lower than expected, the Directors are confident that

sales performance for the whole year will be similar to 1984. In this, the company's first dividend announcement, the

Directors of Abbey Life extend a warm welcome to the many thousands of new shareholders in the Group.



Abbey Life Group plc, Abbey Life House, 80 Holdenhurst Road, Bournemouth BH8 8AL. Telephone: (0202) 292373.

sales for the first time in its

Capacity constraints might still prevent the group taking the championship title from Ford, last year's winner. Audi's car plants are straining at the seams and it wanted to gain a little more production by working a aix-day week on the lines making its best-selling

However, the unions are em-broiled in a campaign to persuade the West German Govern-ment to take action to create more jobs by, among other things, banning overtime working. So they have rejected a plan for Saturday working which would have added another 3,000 Golfs a week to

VW-Audi's output.
Dr Schmidt admits he would be disappointed if VW-Audi did not win the European cham-pionship. "It means a great deal in terms of motivation for our employees and deziers."

The group's current sales surge has been created mainly by the new Golf. Although criticised at the time of its launch as being visually too much like its predecessor, the much like its predecessor, the Golf has proved to be the fastest-selling car in European history, achieving 1m sales in only 24 months.

The Golf and its booted version, the Jett2, will account for 51 per cent of this year's record European VW-Audit

record European VW-Audi sales; more than 688,000 will take to the roads. This is far ahead of VW-

Audi's own expectations. For example, in June, 1984, the group predicted Golf-Jetta sales would reach an annual figure of almost 500,000 in Europe. East year VW-Andi sold a total of 1.22m cars in Europe to take third place in the manufacturers' league (Flat was second), while the Golf/ Jetta was the best-selling car

Dr Schmidt argues that VW-Andi's example shows there is really no excess car production capacity in western Europe as a whole, in spite of some claims that the industry could produce another 2m cars

with 539,000 registrations.

THE Volkswagen-Audi group compared with an annual outbase been a marked change of put of about 10m.

He insists the industry needs approach by the two American groups and that they seem now to 10 per cent of groups and that they seem now to be more interested in profit to be more inter surplus capacity in a normal year — such as 1985 — so that it can match peak demand. From time to time individual achieving the highest possible market share in Europe. Dr Schmidt says the U.S. manufacturers did suffer from excess capacity, however.
Dr Schmidt suggests that the

> Dr Schmidt says the U.S. remains the brightest spot on VW-Audi's world sales map and the Latin American markets, Brazil and Mexico, the

main difficulty for European industry is that manufacturers

darkest

ranancial Plines, Sactionary October 13 1300

remains the brightest spot on VW Audi's world sales map and the Latin American countries, Brazil and Mexico, the darkest The company will sell about 220,000 VW cars in the States this year (including about 70,000 Golfs made in the U.S.) plus 70,000 to 80,000 Audi models. He refuses to be drawn into giring too many details into giving too many details about the low priced model VW intends to import into the States from its Brazilian subsidiary, because the vehicle will not go on sale until the end of 1986.

of 1986.
The price of the Brazillan car will be "well below the \$7,000 we charge for the cheapest Golf in the States." cheapest Golf in the States.
he adds. The introduction of
the model should help VW
dealers resist the temptation to
take on some of the franchises
for the very low-cost cars on
offer in the U.S.: from Hyunda

group by Nissan in Japan, will fall this year from 17,400 to about 15,000—but are expected to hold that annual level. Sales of imported VW and Audi cars in Japan should also remain at about 20,000 a year so that the group holds—and is determined to maintain—a 1 per cent share of the Japanese car market.

at a time when the recession in that country's domestic

market seems destined to con-

tinue for some years. Total Brazilian car sales are running

at an annual 800,000 whereas the industry has the capacity to

Herr Hans Hungerland

and Audi cars, says that sales of the Santana, huilt for the

produce at least 1m.

VW's car production venture in China has suffered some slight setbacks as a result of the Chinese government's re-cent economic clamp-down and restrictions on foreign currency dealings, Herr Hungerland reveals.

industry is that manufacturers are not charging enough to pay for the extra capacity they need to hold in reserve.

And he lays the blame squarely on the battle for supremacy in Europe between the two U.S. multinationals, Ford and General Motors (the Opel/Vauxhall group). However, Dr Schmidt says that in major reason for the very low-cost cars on restrictions on foreign currency dealings, Herr Hungerland reveals.

The control of the very low-cost cars on restrictions on foreign currency dealings, Herr Hungerland reveals.

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The control of the very low-cost cars on the U.S.: from Hyundai of South Korea and Yugo of Yugosiavla, for example.

Dr Schmidt claims: "Our 900 dealers in the States could live without the Braztlian car—but in China in 1987 as originally intended. Assembly of Audit 100 models at the rate of 1,000 models at the rate of 1,0



This announcement appears as a matter of record only.



WH SMITH & SON LIMITED

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£60.000.000 **Revolving Credit Facility** with Associated Tender Panel for £80,000,000

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Barclays Bank PLC

Baring Brothers & Co., Limited Chemical Bank The Sumitomo Bank, Limited

Bank of America NT & SA

Central Trustee Savings Bank Limited Commerzbank Aktiengesellschaft, London Branch Swiss Bank Corporation

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Harrisons & Crosfield PLC

£110,000,000 **Revolving Credit Facility** with Associated Tender Panel for £130,000,000

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Barclays Merchant Bank Limited

The Dai-Ichi Kangyo Bank, Limited

Bank of Ireland

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The Toronto-Dominion Bank

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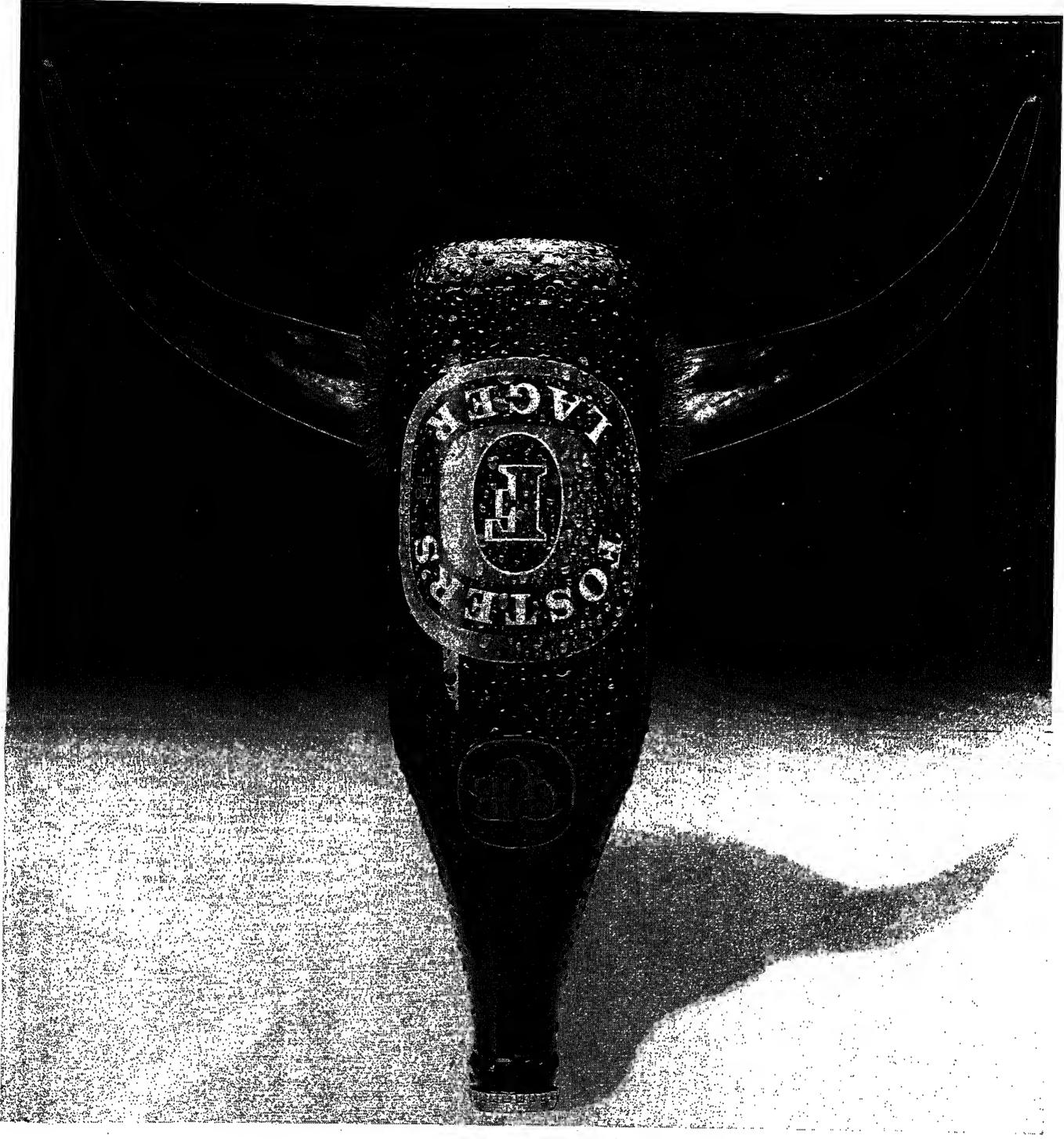
The Royal Bank of Canada

The Mitsubishi Benk, Limited The Sanwa Bank, Limited Standard Chartered Bank

The Sumitomo Bank, Limited Union Bank of Switzerland

Toronto Dominion International Limited Tender Panel Agent Baring Brothers & Co., Limited

October, 1985



Back in Oz we're known for our bottle. At MacDonalds we're known for our beef.

We've turned Australia's favourite liquid into a major marketing success in 80 countries worldwide. But Foster's is by no means our only success. Our spread of activities underlines the scope of our management. Like providing the meat for MacDonalds' hamburgers in Hong

Kong. Like running a pan Asian banking network from Singapore. Like handling over a third of the world's traded wool. Our International Group is a broadly based worldwide trading house dealing

in agricultural, resource, industrial and consumer products. Our Pastoral Group contributed even more to our turnover than our Carlton brewery division. In 1985 Group turnover was up 25% and net profits after tax were up 50% with all divisions showing strong growth. Success over such a broad sphere of activities is proof of the depth and

broad sphere of activities is proof of the depth and strength of our management team, a team that's committed to growth through development, expansion and acquisition. No wonder we're feeling bullish.

THE AUSTRALIAN FOR LARGER

Harris Queensway advances 16.5%

BY MARTIN DICKSON

Harris Queensway, the stores group headed by Sir Philip Harris, yesterday reported a 16.5 per cent increase in interim pretax profits (including profits on battle, has now agreed in prin-property sales) and announced a ciple to sell its stake to Harris deal to buy out Debenhams' for between £7.5m and £10m. It is also entering new concession

joint venture companies.

Harris Queensway's pre-tax

profits of £14m in the six months
to June 23 compared with
£12.02m in the same period of last year and market expectalast year and market expectaa vital stake in 1200 of Burton.

The company also diaclosed

Sir Philip said yesterday's

plans to more than double sales

to fibn over the next five years,

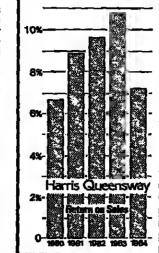
with the major growth coming three companies more closely

Ultimate Electrical Company, Debenbams, which Debenbams, which was acquired by Burton Group in August after a bitter takeover

last year and market expectations of about £13.5m. The shares closed of 262p, up 8p on the day.

However, the figure iocludes profits on property transactions profits on property transactions (£264.000).

with the major growth coming three companies more closely with other parts of the group. The joint ventures with Debenhams were set up in Inc. Inc. I have a set up in Inc. I have a set up in I have a sing from the integration of Rayford Supreme Holdings, which Harris bought in July, with its two other electrical inside Debenhams storea — the set up in I have a sing from the integration of the saw particular benefits arising from the integration of Taylor and Supreme Holdings, with other parts of the group. He saw particular benefits arising from the integration of Taylor and Supreme Holdings, with other parts of the group. He saw particular benefits arising from the integration of Taylor and Supreme Holdings, with other parts of the group. He saw particular benefits arising from the integration of Taylor and Supreme Holdings, with its two other electrical companies of the proposition of Taylor and T



£4.46m, while they were operating last year. Interest charges redoced the figure to breakeven on sales of £44m, but Sir Philip said he would he looking for turnover next year of £130m

from these operations.

The six-month figures were produced on turnover up from £133m to £192m. Attributable profits total £8.26m (£6.95m) and earnings per share are 6.02p (5.05p). There is an interim dividend of 1.40p (1.25p).

Sir Philip said trading condi-

Sir Philip said trading conditions in the first balf were affected by had weather and increases in interest and mortane gage rates, but spending on electrical goods had generally been more huoyant throughout the period and there was some improvement in spring and early summer in the carpet and furniture divisions.

Trading sioce June had seen Trading stoce June had seen some improvement, apart from normal seasonal factors, and the company anticipated this continuing through the coming months, assisted by falling interest rates. It had every confidence of achieving satisfactory results for the 13 months to January.

The company is changing its year-end to January 26 from year-end to January 26 from December 24 for operational

Jaguar takes first step towards U.S. quotation

DIVIDENDS ANNOUNCED

step towards an over-the-counter sh-quotalion in the U.S. when an it. EGM approved a minor amend-

hanks but in order to join

Between 30 and 40 per cent of
Jaguar shares are held by U.S.
investors and to facilitate the
buying and selling of its shares
the company will later this year
be listed with the nationally
quoted National Association of
Security Deals in Automated
Quototions (NASDAQ).

At present its shares trade in
the U.S. in the form of American
Depositary Receipts—certificates
issued by a hank stating that o

Abbey Lifeint 2.2 B & A Filmint 1.7

Beniox Ridgs.....int 0.5 English Nat. Inv. Pf. int 3.3 English Nat. Inv. Df. int 0.85

....int 1.7

Jaguar yesterday took the first specific number of company's ten towards an over-the-counter shares have been deposited with

Jaguar shares now trade ment to its articles of associa-tion.

Between 30 and 40 per cent of NASDAQ it has to limit itself to

The group, which runs 35 stores, mainly in Central London, made profits of £1,6m in the year to January 1985 on sales of £29.8m. In the present year, the company forecasts profits will be not less than 2.3m, which, at the minimum tender price, implies a prospective earnings multiple of 20.5.

The full prospective will be

Smith New Court to form Australian subsidiary

Exchange.

The company will be called Smith New Court Australia, and is to be formed in conjunction with Mr John Cousens and Mr Derek Growns, former partners of the Australian stockbroker Eric J. Morgan. The formation is subject to regulatory permission and to stock exchange permission in London and Mel-

Smith New Court, a whollyowned subsidiary of London
stockjohber Smith Bros., is to
form an Australian offshoot to
trade on the Melbourne Stock
Exchange.

The company will be called
Smith New Court Australia, and
Smith New Court Australia, and back Rothschild's 49 per cent

stake.
Rothschild retains a 24 per cent stake in the jobber itself, despite speculation in some quarters that the link was likely to dissolve. Smith Bros. has also formed a link with Scott Goff Layton, stockbroker.

Underwoods offer

Underwoods, chemist, is being brought to the stock market by Morgan Grenfell, which is offering for sale by tender 6.8m shares, representing 25 per cent of the company, at a minimum price of 115p a sbare,

Peachey debenture Peachey Property is raising £20m through the placing of £20m first mortgage debenture stock 2015. The group has been expanding rapidly, and in May bought a portfolio of properties from Lloyds Bank Property Company for £28m, about £15m of which was funded by bank borrowings.

borrowings.
In the company's annual report, published yesterday. Sir Charles Ball says: "We are actively looking to enlarge our property development programme as well as seeking additional investment properties for purchase."

for purchase."

The stock carries a coupon of The full prospectus will be advertised tomorrow, and the application list opens on October 29. Brokers to the issue are Hoare Govett.

The full prospectus will be 10.75 per cent an is priced at 298.433 to yield 10.932 per cent 298.433 to yield 10.932 per cent 299. Brokers to the issue are Hoare Govett.

Morris downturn at midway

William

William Morris Fine Arts. lhe sculpture castings and manufacturer, suffered a sharp profits down-turn in the first half of 1985 and has ferminated all the wallpaper ongoing ranges of Leyland Wallcoverings, which was acquired only a year ago.

acquired only a year ago.
Group profit margins were considerably lower with higher turnover of £6.47m, against £2.45m, producing a slightly higher operating profit of £362,000 compared with £350,000.

In addition interest should be a significant of £362,000.

In addition, interest charges soared from £4,000 to £156,000 leaving the taxable result well down at £192,000 against £346,000 — amortisation of goodwill accounted for goodwill £14.000.

Below the line — tax took £74,000 (£129,600) — there were net extraordinary and exceptional debits of £575,000 (£108,000) giving a retained loss of £457,000 (£56,000), which has depicted reserves and again prevented dividend

These charges were higher than forecast, says Mr Trevor Barker, the chairman. "We accelerated the rationalisation of the Leyland operation into the first half of 1985 and took some substantial angle in took some substantial costs in the interest of quickly integrating the two operations.

"The Leyland ranges proved to be substantially less acceptable in the market place than anticipated and resulted not only in uneco-nomic run sizes but also restricted our ability to service our customers with the new and popular ranges."

These reasons, be says, led to the termination of Leyland ranges at the end of last month which will "Inevitably affect the second half of 1985."

Elsewbere, the foundry divisie; has secured further order, and the company is working upon a system of more economic production of "such a substantially increased order book."

Despite the problems, he says "we feel that we now have an economic, broad based business with all the considerable potential for 1986 and onwards. I view the future with optimism."

comment

There might be few regrets at having bongbt Leyland Paint's wall-paper division but bad William Morris's directors known what was in store they might at least have negotiated a keener price. Anyway, as these figures show, it is not so much a case of biting the bullet as sinking bnwitzer shell. For the full year Leyland has set Morris's profits back by around £1m pre-tax whiln lower down extraordinaries and exceptlonals could take out more than £750,000 of earnings. Not surprisingly the share price cascaded down to 25p vesterday. It now stands at just 5p above the original placing but looking beyond 1985, where profits will do well to better £400,000, Morris has nut together an efficient wallcovering plant capable of taking a fifth of the UK market tn terms of volume. If sales of £10m this year can be increased to £15m in 1986 and, say, £23m in 1987 pre-tax profits could then iump to £2m-£2im and £3m-£3im. The earnings multiples, on the lower predictions, drop to 6 and then 4 assuming a 35 per eent tax charge. Such forecasts obviously assume "ideal world" conditions but Morris could be one of the eheapest stocks around for those who have the time to wait a while.

Abbey Life pays

forecast dividend Abbey Life Group is paying the 2.2p interim dividend that it forecast in June's offer for sale prospectus of 135m ordinary shares.

The company also reports that sinch June sales have been marginally lower than expected at the time of the prospectus, but the directors.

prospectus, but the directors are confident that sales performance for the whole year will be similar to 1984 when total new premiums amounted to £223.9m and letal new commissions were

As known new initial com-missions for the first half of 1985 were static at £24.1m. Both periods were affected, heneficially, by the impact of Government Budgets — total new premiums for the first half amounted to £97.1m (£114.4m) and premium in-come was slightly lower at £184.1m (£186.9m).

Britoil closing date

Lazard Brothers reminds shareholders that the second and final instalment of 85p per share on the partly-paid ordinary shares of Britoil must be received by 3 pm on Friday November 1. Pay-ments for £10,000 or more must be in cleared funds by that time.

Holders are warned that failure to pay the final call may mean forfelting the ment of the first instalment.

Wolseley-Hughes climbs by 21% to record £31.5m

rinancial Thues Sautuar Octions In 1960

Wolseley-Hinghes group of manufacturing and distribution com-panies to lift its pre-tax profit by 21.4 per cent, from £25.95m to £31.49m in the year ended July

and the second of the second o

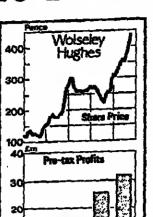
31 1985.
Shareholders enjoy a dividend rise from 8.75p to 11p net (equal to 25.7 per cent), the final being Sp. Normal policy is to keep increases at least in line with inflation but the directors have gone above that this time in view of the significant improvement in results and the unusually large

As a further expression of confidence they are recommending a one-for-four scrip issue.

Mr Jeremy Lancaster, the chairman and managing director, says the results represent the group's third successive record, and were in the main attributable to Ferguson Enterprises to the distributor of plumbers' supplies. It now operates from 93 locotions compared with 54 when it joined the group in mid-1982.

Group nurnover in the year rose from £445.2m to £527.1m whilin the trading profit, before interest charges, was up from £28.32m to £33.42m. Contributors were UK distribution £23.25m (£217.69m) and £15.72m (£15.77m), U.S. distribution profit would have been about £16.5m (£181.53m) and £13.35m affected by VAT on building materials, Wolseley-Rughes Merchants opened a further 14 outlets £23.6m [£24.38m] and £2.75m lets and achieved a marginal ining a one-for-four scrip issue.

were UK distribution 222.25m (£217.69m) and £15.72m (£15.27m), U.S. distribution £258m (£181.53m) and £13.35m (£9.14m), engineering and plas-tics £23.6m (£24.38m) and £2.75m (£2.05m), agricultural mechinery £22.25m (£21.6m) and £1.6m



year. There were mixed performances from the farm machinery

companies. Financial position remains strong. At the year-end sterling strong. At the year-end accring balances had improved by \$5.5m while dollar borrowings were around \$2m lower. The gearing ratio was 11.1 per cent (20.6 per

comment

Lower than expected interest charges in the second half helped take Wolseley-Hughea about 11m take Wolseley-Hughea about 21m ahead of most expectations and the shares responded by putting on 25p to reach 443p. While the UK was a little dutt, the spark-ling performance of the U.S. side more than made up. The coming year should see greater effort at extracting a better margin across the Atlantic, where Ferguson Enterprises now cholicages for market leadership. Far, if in a flat year, UK distribution margins are 7 per cent, then we should see closer to 6 per cent reached in the U.S. fairly soon. The success in America is clearly making the group consider another purchase so as to achieve its ideal balanced apread of assets—currently 60 per cent are in the UK. Canada is a possible area for expanaion. In the coming year profit growth will be beld back by currencies and the failure of the recent UK, occuisition, Plumb Centres, to contribute anything. Nevertheless £35m is forecast, which has the shares on a prospective nee of just over 9 with a 37 per ahead of most expectations and ics 233.6m | £24.38m) and £2.75m | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets and aebieved a marginal increase in sale and profits. KS | lets and echinery | lets an

Strike puts Silentnight in red

at its largest subsidiary, Silent-night Holdings has experienced a near £2m turnround in the half year ended August 3 1985—from a profit of £1.1m to a first-ever loss of £820,000. The interim dividend is omitted, against 19

MAINLY AS a result of a strike were difficult. Increasing costs, views the dispute as over ofter especially of raw materials, have put margins under pressure and made it necessary to impose

it sacked the 346 staff in July for breach of contract, low level picketing continues and a series a near £2m turnround in the half year ended August 3 1985—from a profit of £1.1m to a first-ever loss of £230,000. The interim dividend is omitted, against 1p last time.

The strike was at Silentnight Beds. But husiness is steadily returning to normal production levels, which should be reached in the second half.

As to the group as a whole, including Silentnight Beds. Chairman Mr Tom Clarke says most have a good order book. "We helieve the worst is over and a modest profit is achievable in the second half but it is too early to forecast the final outcome for the year."

As well as the strike, Mr Clarke says trading conditioos

Turoover in the balf year fell from £37.75m to £32m and the from £37.75m to £32m and the followed last year's business reorganisation efforts—in the midst of which the chief executive left. The new chief executive left in the pipeline. The strike loss is £980,000 (£295,

This advertisement is issued in compliance with the requirements of the Council of The Stock Enchange. Application has been made to the Council of The Stock Exchange for a manusor of 21,550, Cert Chilary Shares of 51 each and a maximum of 18,827,326. 7 per cent. Convertable Countains e Rodernable Preference Shares of 11 each ter New Balac PLC, to be admitted to the Official List in connection with the recommended offer by New Balac PLC to acquire the whole of the issued share capital of Balac PLC. It is expected that the soul shares will be admitted to the Official List on 25th October 1985.



NEVI BALTIC PLC

Recommended offer to acquire all the issued share capital of Baltic PLC.

Share Capital to be admitted to the Official List

Authorised

£1,600,000

£20,000,000

Issued and to be issued fully paid A maximum of

Ordinary shares of 5p each 7 per cent. Convertible Cumulative Redeemable Preference shares of £1 each

£1.079.302 £18,827,326

Details of Listing Particulars relating to the above shares are available in the Extel Statistical Service and copies of the Listing Particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this formal notice up to and including 6th November 1985 from:-

> Nevi Baltic PLC Plumtree Court London EC4A 4HT

Quail Investmen Company (U.K.) Limited 7 Oueen Street London WIX 9PH

W. Greenwell & Co. Bow Bells House Bread Street London EC4M 9EL

and from the Company Announcements Office of The Stock Exchange for collection only for the two business days following the date hereof up to and including 25th October 1985.

Dated 23rd October 1985

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

PEACHEY PROPERTY CORPORATION plc

Placing of £20,000.000 10.75 per cent. First Mortgage Debenture Stock 2015 at £98,433 per £100 nominal, payable as to

£25 per £100 nominal on 25th October, 1985 and as to the balance by 24th January, 1986

Application has been made to the Council of The Stock Exchange for the whole of the Stock to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange £2,000,000 nominal of the Stock is available in the market on the date of publication of this advertisement.

Listing Particulars will be circulated in the Extel Statistical Services and copies may be obtained

S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS

during normal business hours on any weekday (excluding Saturdays) up to and including 6th November, 1985, from: **Quilter Goodison Company Limited** Garrard House, 31-45 Gresham Street, London EC2V 7LH

> Peachey Property Corporation plc. 19 Sloane Street. London SWIX 9NE

and until 24th October, 1985 only, from The Company Annuncements Office, The Stock Exchange,

23rd October, 1985

Throgmorton Street, London EC2P 2BT

"I'm very pleased to say that our new manufacturing facility in Washington is not only making high-quality industrial cable. It's making money as well. That's due, in some part, to the extremely positive attitude of our workforce up here. They've given us productivity equal to that of our parent company in Norway. They've reduced absenteeism to below the Norwegian average. Their time-keeping has always been We've negotiated a one-union agreement that also contains a no-strike commitment. We've found union officials . extremely helpful and constructive. In fact industrial relations are very positive at all levels.

A Bjorvik, Joint Managing Director, NEK Cables

We're very pleased to have settled down in this area of the United Kingdom." BRITAIN MEANS BUSIN

because we have the right approach to encouraging investment. From national government to local authorities, from management to trade unions, we'll work to make your move to Britain a success. We have the labour skills, with one of Europe's best trained workforces, and we have the infrastructure for supply and distribution. And, with our special position in the international financial world, we offer the security you need.

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LOOK WHAT WE'RE

Lee Cooper profit hit by difficult trading conditions

Let Cooper Group, manufacturer of jeans and casual wear, experienced difficult trading conditions in the first belf of flow. \$5.27m\$ to \$f4.99m\$ in the six months to Jime 30.

Lord Marsh, chairman, says competition remained strong in all the group'e markets. Opportunities presented by the restructuring of netivities are still being pursued and much is being done to reduce overheads and production costs.

This is particularly so in the UK, where demand and production capacity are more evenly matched, and in Scandinavia where lossemaking marketing subsidiaries have been closed.

The company intends to main-

The company intends to maintain its presence in Norway and Sweden, through licensees, and in Denmark through a local distributor. Arrangements are well advanced.

comment

Lee Cooper was faster than come in spotting the flattening of in spotting the flattening of demand for blue jeans and the

October 1985

rationalised, the marketing and distribution is in need of further attention. This year is likely to see profits slightly below last year's at £8.5m but on a significantly lower tax charge of 50 per cent, putting the shares unchanged at 130p, on a prospective p/e ratio of 5. The presence of the group's strong and effective management team in France would probably give the chares a better showing on the Paris Bourse. Turnround to £0.93m for Stewart Nairn

Stewart Nairn Group, pro-perty developer and investor, reported a turnround from losses of £788,000 to taxable profits of £933,000 in the year to _d_June on turnover down from £11.28m to £2.87m.

to \$2.87m.

Earnings per 5p share came ont at 0.55p basic, against losses last time of 0.68p. Again there is no dividend payment by this 56 per cent-owned subsidiary of Bukhatir Investments.

The company has completed its

Bukhatir Investments.

The company has completed its acquisition of Arbiter Investments and the disposal of its interest in the Manhattan Condominium.

Gross profit was £400,000 (£340,000 loss) with interest receivable and other income of £908,000 (£78,000), pcofits on sales of investment properties and investments of £943,000 (£497,000) and share of profits of overseus partners £105,000 (nil). The pre-tax figure was struck after administration expenses of £868,000 (£536,000) and interest payable of £555,000 (£487,000).

IN BRIEF

WALTER RUNCIMAN, holding walter Runciman, holding company with interests in shipping, insurance and security engineering, reported turnover up, from an edjusted £25m to £27m in the first half of 1985. Taxable earnings came out at £650,000, compared with a loss tast time of £376,000 from earnings per. share of 44p (loss 2.1p), the interim dividend is maintained st 2.5p.

IRISH CLASS, 8 Dublin-based glass container manufacturer achieved a taxable profit of LE771,000 (£859,000), against a 12:771.000 (£659,000), against a 12:32,000 loss for the year in June 25 1985. The company is returning to the dividend list with a single final payment of 1.5p. Turnover was up from £23.95m to £32.64m.

BARLOWS, the Manchester-based group of packers and warehousemen, reports pre-tax based group of packers and warehousemen, reports pre-tax profits up from £366 to £14,089 in the half-year to June 30 1985. External turnover s-dvanced from ~29,875 to £258,956. After tax of £4,227 (£1,217 credit) and an extraordinary credit (less tax) of £313,325 this time, total net profit emerged at £323,187 (£1,583). Stated earnings per £1 were £4p (0.5p) prior to extraordinary credit and 111.4p (0.5p) after.

JAPAN ASSETS TRUST reports net asset value per share for the year in September 30, 1985, of 53.86p (56.12p) on 52m (30m) ordinary shares, loan stock converted, and 47.92p on 51m shares, loan stock unconverted. Income rose to £1.6m (£279,000) and an mehanged dividend of 0.05p is proposed.

LONDON ATLANTIC Investment Trust increased its net asset value per share to 208.4p at September 30, 1985, against 187p a year ago. Earnings per chare for the six months rose to 3.09p against 2.7p on net revenue of £352,575 against £308,382. An interim dividend of 1.95p (1.85p) is proposed.

BOARD MEETINGS

Interims: Ambrose Investment Trust.
Ansio - Indonesian. Assam - Occete,
Gromsgrove Isdustries. Clive Oincount.
Etam, French Connection, Gerrard and
National, Hestara, Hunting Associated
Industries, F. J. C. Lilley, Londen and
Northern, Manthorough Property, Plantation and General Investments. Ruo
Estates, Save and Prosper Return of
Assaus Investment Trust. Securitien
Trust of Scotland, Wastern Docers Test.
Finals: McKechnie Brothers, Prestwrick.

PUTURE DATES

New Throgmorpen Trust [1963] Allied London Properties British Cer Auction Floyd Oil Participations

LADBROKE INDEX 1038-1042 (-9) Based on FT Index Tel: 01-427 4411

Benlox reduces losses in first half

REDUCED pre-tax losses of 166,801 have been incurred by Beniex Holdings in the first half of 1965 compared with losses of 192,568 previously.

For 1984 as a whole, profits of 1958,371 were achieved, and Mr Michael Buckley, chairman ol this holding company engaged in civil engineering and constructionion, provision of building services and manufacturing and distribution, expects the results for the second half of this time to also show a significant improvement.

to also show a significant improvement.

The interim dividend is being held at 0.5p. Total payments of 1.1p were made in 1984. For this half, stated losses per 10p share are lower at 0.67p (2.7fp).

The chairman says that the subsidiary Joshua Bigwood & Son incurred a substantial loss during the period, and the company's activities are under review with various alternatives being considured.

All other trading subsidiaries of the group are involved in contracting and none of these has escaped the adverse effects of the poor weather. This has led to some loss of turnover and pressure on margins.

Proving Services, engaged in

some loss of turnover and pressure on margins.

Protim Services, engaged in timber treatment end damp proofing, experienced a further loss of turnover in the early months of the year due to the withdrawal of local euthority grants and increased mortgage rates.

Group turnover rose substantially during the period, from £3.55m to £8.12m, but the cost of sales was up at £6.24m (£2.27m), end operating expenses were £2.1m (£1.37m).

Yearlings at 11½% The interest rate for this week's issue of local euthority bonds is 11½ per cent, up one sixteenth of a percentage point from last week and compares with 10½ per cent n year ago. The bonds are issued at par and are redeemable on October 29 1986. sixteenth of a percentage point from last week and compares bok products.

This and other information has convinced the members of the convinced the members of t

Klark-Teknik lifts profit to £1.4m

THERE HAS been 6 slowdown in the second baif profit growth at Klark-Teknik, as expected. But the group bas still shown a 101.5 per cent upsurge over the full year ended July 31 1985 from £701.000 to £1.4m pre-tax.

£701,000 to £1.4m pre-tax.

The group is based in Kidderminster and pcoduces advenced sound processing equipment for the music, broadcasting and communications industries. It came to the USM a year ago, and forecast a dividend of 0.6p net which it is now paying.

At the halfway mark the directors reported a 202 per cent advance in profits to £640,000, and said it would not be realistic in expect the same percentage to follow through for the full year.

year. They say the group's position

in all its major world markets remains strong with 84 per cent of sales value for the year being exports. Sales by the U.S. subsidiary bave been "very satisfactory" and unit sales are not expected to be affected by the recent eppreciation of sterling ageinst the dollar.

The Isunch of the DN750 digital reverberator has been successful and bas made the expected contribution to growth.

Sales in 1984.85 rose 81 per cent to £3.22m. After tax £61f.000 (£286.000) and minorities £26.000 (£17,000) the net attributable profit came to £789,000 [£398,000) for earnings of 5.5p (£.84p) per

comment

reserves of oil.

In licence ft/82, evaluation of the 48/18-1 gas discovery, on June 28, is continuing.

Operetor BP has said a maximum flow rate of 13.7m cubic feet of gas a day on e one-inch choke was abtained from a single reservolr.

The flow rates are encourag-

The Minister has announced

Klark-Teknik refrained from making e profits forecast at the Looking at the current year, the directors find it too early to forecast but tell members that a good start has been made with sales substantially ahead for the first two months. New products are expected to contribute to the second balf.

In recent months, the directors have been seriously looking at the first two months, and the shares closed understant two months are expected to contribute to the second balf.

In recent months, the directors have been seriously looking at the first floatation last November, but £1.4m was roughly in line with the market's expected to remain sources; increasing sales of the company's traditional products such as graphic equalisers, a befty first-time contlme of its floration last Novem-

30 per cent of group sales), and currency transletion gains of £150,000. The growth rale is unlikely to be sustained this year, for digital reverberator salee have stabilised and the four new products coming on stream are not in the same league. Meanwhile, exchange rates are more likely to be a disadvantage than a help. Unless there are any noteworthy acquisitions, continuing growth in the sales of traditional products seems unlikely to take the pre-tax figure much beyond £1.7m, putting the sharee on a prospective p/e ratio of 15 after e 42 per cent tax charge—a far cry from the multiple of 30 which accompanied the placing which accompanied the placing end etill looking a little rose-tinted.

Reebok profits continue their rapid advance

Reebek International, the over-the-counter, U.S.-quoted 40.7 per cent associate of Pentland Industries, reported third quarter pre-tax profits up elmost four times from £4.83m to £17.96m. Turnover for the three months to September 3 increased from £20.83m to £66.33m.

The profit ettributable to Pentland sharebolders, after tax, came out at £3.97m (£1.3m), with earnings per share of 8.54p against 2.79p adjusted for the two-for-one scrip issue of July this year.

Turnover for the ulne months

this year.

Turnover for the nine months was £140.94m (£38.66m) with pre-tax profits up by more than four times from £7.93m to £34.49m. The net profit figure ettributable to Pentlend rose from £2.25m to £8.56m, with earnings per share of 18.4p (4.79p).

Mr Paul Fireman, president and chief executive of Reebok, says the results ceffect a continued strong acceptance of Reebok products.

Atlantic Resources aided by improved cash flow

IN THE first half of 1985 the loss before tax at Atlantic Resources rose substantially from 18448,000 to Lf.Im, mainly as a result of a decline in deposit interest from 2799,000 to 18300,000.

Mioister of Energy, licence 2/81 has been extended in its entirety until August 31 1987.

Gulf Oil commenced drilling exploration well 50/6-1 on behalf of the licence 5/82 consortium on October 19. This well is being Gulf Oil commenced drilling exploration well 50/6-1 on behalf of the licence 5/82 consortium on October 19. This well is being drilled on a fault-associeted structure with potential for large reserves of oil

Mr Don Sheridan, the chairman, says in the U.S. the recent trend towards higher gas sales volumes at a lower average price has continued with the net effect being an improvement in cash flow.

The large majority of gas sales cevennes are attributable to the investments in West Virginia.

Total group sales revenues was

Total group sales revenues was up from £480,000 to £617,000.

Referring to the oil discovery in block 49/9 (licence 2/81), in which Atlantic has a 33.5 per cent interest, Mr Sberidan says it bas been demonstrated that the subsequent well 49/93 was drilled into a different fault block to that of the old discovery well. Minister for Energy, the com-pany's interest in licence 5/82 and 6/82 are to be increased from 15 per cent to 16.66 per cent and from 14 per cent to 15.55 per cent respectively. well.
This and other information has

thet Atlantic has been awarded an interest of 19.44 per cent in block 48/17, immediately adjecent to gas discovery block 48/18. BP will operate this licence.

sale boosts **Silvermines**

Silvermines, a Dublin-based investment holding company, has increased pre-lax profits for the six months to June 30 1985 from 1£1.65m (£1.41m) to L£4.41m.

Investment

The main factor in the increase was the exceptional contribution of £3.32m from the sale of the remainder of the group's holding in Anglian Windows. There was also a contribution of £642,000, being the profit on the sale of a portion of the group's interest in Falcon Resources. Resources.

Directors say the results also benefited from increased contri-bullons from the Kinsale Heed gas field royalty and the Magcobar Beryte coyalty. They are proposing an interim

dividend of 2p (1.6p, after adjusting for a one for four scrip issue in Marth 1985).

Profits of associated companies contributed £398.804 [£1,53m], including £319.767 from Anglian Windows for the first quarter up to the time of sale, and there was an operating profit of £198,426 (£100,139).

Tax was £3.51m (£750,000), Earnings per share, edjusted for the issue, were 6.54p (6.27p).

ORE WIS THANSOLOVI

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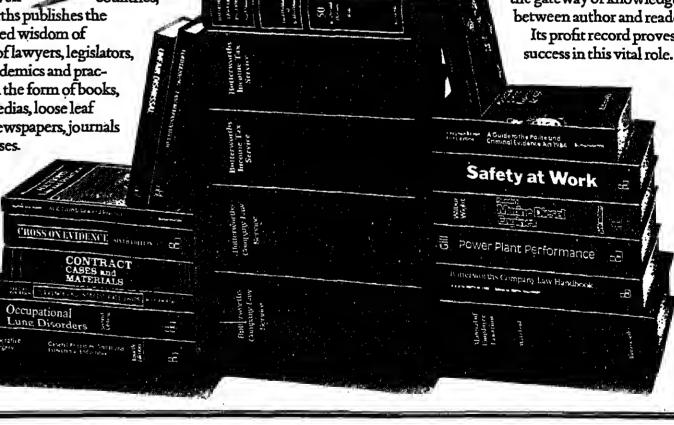
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UK COMPANY NEWS

Pyke is third purchase in ten days for Hillsdown

Hillsdown Holdings, the fast growing food, furniture and office equipment group, yesterday announced its third acquisition in ten days with the Pike's opening price yesterday. Holdings, the catering butcher. Mr Harry Solomon, joint chairman of Hillsdown, said yesterday that Pyke represented a "natural fit" with his company's existing food interests. He regarded Pyke's interests. He regarded Pyke's supplied to supply its customers "with high quality products at the most competitive prices," and that bis would be a much better company with Hills would be a much better company with Hills yesterday that Pyke represented a "natural fit" with his company's existing food interests. He regarded Pyke's spending price yesterday. The difference is the most competitive prices, and the most com

Pyke supplies major hotels, restaurant groups and airlines, and has gained from the trend towards "fast food."

The terms, which have been recommended by Pyke directors who have pledged their 14.1 per cent holding for the deal, are 15 new ordinary 10p shares in Hillsdown for every seven in

sheres last February.
As is the usual policy with
Hillsdown acquisitions, the existing chairman, Mr Peter Garner, and his management team will continue to operate the business as a separate entity within the

parent group.

Hillsdown considers that the new acquisition will complement lts FMC meat company and Harris bacon curing division. It believes that the deal will enable

record of profit improvement since the losses of the 1979-80

Hillsdown's meat processing and distribution activities are the major part of its total business. In the 1984 year they accounted for £620.4m of its aggregate sales of £983.2m, and £10.9m of the £23.6m operating

Trafford Park merger agreed

BY WILLIAM COCHRANE

Aoba Castle, symbol of Senda

Trafford Park Estates, the Trafford Park Estates, the Manchester-based property company which revealed itself as a takeover candidate in August, agreed merger terms with Wingate Property Investments yesterday, in a deal which implies that Trafford Park is looking for management succession. ing for management succession.

The deal is to be effected by Trafford Park bidding 51 of its shares for every 100 Wingate, giving the latter 44 per cent of the combined equity; but five of the Wingate directors are to be invited on to the Trafford Park Board, including Mr W. R. Smith as deputy chairman and Mr Stephan Wingate as managing director.

director.
Mr Neil Westbrook, chairman of Trafford Park, said yesterday that the Wingate team had "expertise, unquestioned ability" in property.

OTT buys

Palm Line

from Unilever

Ocean Transport and Trading

the transfer of any assets. Ocean has purchased the Palm Lice share in the trade to West Africa

as a means of rationalising a service in which business has

Mr Wingate, who sold his original Wingate Investments to Wimpey in 1976 and bought back part of the company in 1979, said last night that the merger would give the companies e bigger base to retain created property investments like the £15m office and retail huiding which Wingate has just completed next to the Empire in Leicester Square in London's West End.

Peel Holdings, the out-of-town retailer developer which was known to be talking to Trafford developme Park in August, was mulling over included.

"Two of us at Trafford Park are getting older," he said.

"Replacements would have had to the company has expanded very considerably in the past 10 years."

Mr Wingate, who sold his original Wingate Investments to Wingate Investments about 255m for Trafford Park endity of the Controls about 8.5 per cent for the Trafford Park endity of Mingate Investments about 155m for Wingate Investments about 155m for Trafford Park endity of Mingate Investments about 155m for Trafford Park endity Investments about 155m for Wingate Investments about 155m for Wi

Mingate closed yesterday at 140p, up 35p on the day. Mr Westbrook commented that the merger terms broadly reflected projected contributions to assets for the two constituents when development.

Lee International agrees cash bid for Humphries

BY DAVID GOODHART

Lee International, the world's bas bought Palm Line, a shipping company operating scheduled cargo services to West Africa, from Unilever for an undisclosed sum. largest supplier of lighting equipment to film and television, yesterday announced an agreed cash offer for Hamphries Holdings valuing the company at £2.5m But the deal will not involve

Lee had planned to join the stock market later this year with a value of more than £100m but following this deal it has been postponed until next March or

service in which business has become very volatile.

The charter shipping activities of Paim Line will continoe under the management of UAC, part of Unilever. Ocean is lovolved in the West African trade through its Liverpool-based businesses of holds 75 per cent. BET said the State of Elimitation of Elimitation and the market price of 280—has been accepted by BET, the International services group, which holds 75 per cent. BET said the State of Elimitation of Elimitation of Elimitation of the market march of April.

The charter shipping activities which represents a 20 per cent march of April.

The offer of 33.5p a share—which represents a 20 per cent march of April.

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The offer of 33.5p a share—which represents a 20 per cent march of April.

The offer of 33.5p a share—which represents a 20 per cent march of april 10 per cent march of April 20 per cent march of Apri Elider Dempster Lioes and Guinea Gulf Line. It will now with its strategy of concentration on the route, where it currently has four,

Humpbries, a developer and printer of coloured film, made an attributable loss of £2.46m and a tarable loss of £512.000 in the year to end-March 1985 on turnover of £14.22m. Its shares rose

an a taxable loss of £512,000 in the syear to end-March 1985 on turn-over of £14,22m. Its shares rose 4p yesterday to close at 33p.

Lee both manufactures and it rents lighting equipment and is also the UK's largest operator of film stages—owning Shepperton studios. The company owns 59 per cent of Media Technology International. a USM-quoted toompany which made pre-tax profits of £2.03m last year on turnover of £6.2m. Lee itself—currently unquoted—made a profit to May 1985 of £6m (including a post-tax contribution from Media Technology) on turn-over of £6.2m. Lee itself—currently unquoted—made a profit to May 1985 of £6m (including a post-tax contribution from Media Technology) on turn-over of £6.2m. Lee itself—currently unquoted—made a profit to May 1985 of £6m (including a post-tax contribution from Media Technology) on turn-over of £6.2m. The purchaser is the Belgian Companies.

BEA HOLDINGS is merging the London container operations of its subsidiers.** over of £24m. Humphries' existing manage-

U.S. coal deal starts Burnett restructure

Burnett & Halamshire, the hard-pressed coal mining and property group yesterday took a major step towards its long-awaited reconstruction with the awaited reconstruction with the announcement of two deals—the restructuring of its coal mining interests in Pennsylvania, U.S., and the disposal of its interests in the Gheat Coal Terminal in Pelaising

In the Gheat Coal Terminal in Belgium.

Mr Eric Grayson, the group chairman, said that the U.S. deal in particular hed represented the biggest hurdle for the group, which has had its shares suspended since last July and has been in talks with its bankers on far-reaching plans to remove its potentially crippling level of debt.

The Pennsylvania agreement involves the release of B & H from its obligation to pay minimum annuel royalties of \$7.5m over the next 20 years and a modification of the lease under which it operates the U.S. coal mines.

which it operates the U.S. coal mines.

In relurn for this release, B & H is to return the ownership of its West Virginian operations— Kingwood Mining and Allegheny Mining—to the original private vendors of the PBS Coals concern, which held the U.S. operations. These were acquired by B & H through its Mincorp subsidiary in 1983.

The deal also involves the payment of a "lease amendment agreement" of \$8m to the vendors, bringing the total price for the release agreement to \$9.5m. This is to be repaid in instalments until 1992 at commercial rates.

B & H is to continue with coal operations in Pennsylvania.

operations in Pennsylvania, which are now confined to one site in Somerset County. This will involve the upgrading of its coal washing facilities in order to produce low sulphur coal to meet U.S. acid rain legislation.

legislation.

To provide for the extra working capital that this will require, an additional secured bank facility of \$10m, guaranteed by 8 & H, has been arranged with a consortium of banks. This facility also covers certain of PBS's capital requirements and certain payments to be mado under the terms of the restructuring.

As part of these arrangements, 515m of PSB's outstanding bank debt of \$22.5m has been assumed by the two West Virginia coal

London container operations of its subsidiary, Container Parks eod Services, with those of Conserv Engineering, a whollymeot structure will remain in owned subsidiary of Union Inter-place for the foreseeable future national.

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CORPORATION AND
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(Commercial Court): Mr
Justice Anthony Evans: October
15 1985

-S. coal

structure

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A CHARTERPARTY clause by which a shipowner war-rants that the ship is capable of maintaining e speed of "about" a certain number of knots must be construed as mots must be construed as providing for a range to be quantified as e question of fact having regard to circumstances and the type of charter; and calculations to ascertain whether the ship was capable of maintaining its warranted fuel consume.

was capable of maintaining its warranted fuel consumption at the warranted speed should be based on the lower limit of that range.

Mr Justice Anthony Evans so held when remitting two arhitration owards to arbitrators for reconsideration of the basis on which they assessed dameges cloimed by Lexon Trading Corporation and Another, charterers of the Al Bids, against shipowners. Arah Maritima Petroleum Transport Company, in respect of the owners' breech of the charterparty.

* *

HIS LORDSHIP said that the

HIS LORDSHIP said that the arbitrators were concerned with the time-charterers' claim for excess consumption of fuel oil in the course of 24 voyeges over two years by the motor vessel. Al Bida.

The issues arose under the speed and consumption warranty in the Standime form of tanker time charterparty (revised July 15 1955) together with certain other charter provisions.

Tho charterers succeeded on a

\$304,349.

The amount of the award was the balance of the charterers' claim for excess consumption after deducting agreed counter-

claims which amounted to \$268,149. The vessel, which bad powerful engines. and achieved a speed of 19.9 knots, had no difficulty in achieving tha warranted speed throughout the charter-party period, and in fact was often employed at considerably higher speeds. The charterers' complaint was that she consumed more fuel at those speeds. If the arbitrators' construction than she would have done had she been capable of performing to follow that any speed or construction to follow that any speed or follows that any speed or follow

sel) . . . line 7 . . . and capable consideration of whether the of maintaining under normal moderate conditions actually exworking conditions an averago perienced were favourable or ad-

ARAB MARITIME PETRO
LEUM TRANSPORT COMPANY V LEXON TRADING
CORPORATION

Speed of about 15.5 knots in moderate weather when fully laden in relection to the speed octually achieved.

The owners' construction was The first issue was as to the meaning or effect of "ebout" in relation to the speed figure of

Mr 15.5 knots.

relation to the speed figure of 15.5 knots.

Mr Caldin, for the owners, submitted that "about" imported o margin oo either side of either 5 per cent or half a knot. Thus, it was argued, the owners were not in breach of the warranty unless, for the stated consumption, the everage speed fell below 14.75 (or 15) knots.

Mr Crookeoden, for the charterers, accepted that "about" did import a range of speeds, but submitted that any speed within the range was within the warranty and that the owners were in hreach if the consumption et any such speed was greater than the warranted consumption (which wos not qualified by "about").

If that contention were correct, then the charterers were entitled to demand o consumption of 53 tons (in moderate weather) even when the average

weather) even when the average speed was et the upper limit of the range, whether 16 or 16.25

the range, whether 16 or 16.25 knots.

The arbitrators held that the starting point was 15.5 knots "and no other." They explained that that speed related to ideal conditions which could not have been met in practice; they must therefore have adjusted it to take occount of the actual conditions which the vessel experienced, making some allowance for moderate weather conditions.

On the charterers' preferred

Al Bida.

The issues arose under the speed and consumption warranty in the Standime form of tanker time charterparty (revised July 15 1955) together with certain other charter provisions.

Tho charterers succeeded on a damages claim for two breaches of contract in a total sum of \$304,349.

The amount of the motor vessel, and the charterers' preferred construction the starting point was the lower figure, again in all conditions of moderate weather, favourable or odverse.

If the charterers' preferred construction the starting point was the lower figure, again in all conditions of moderate weather, favourable or odverse.

If the charterers preferred construction were correct it would mean that the owners were in breach of the warranty if the vessel consumed more than the warranted figure at an overage speed of 16 or 16.25 knots, even in adverse though moderate weather the state of the state of

she been capable of performing to follow that any speed or conthe warranted speed at the warranted consumption level.

The preamble to the charter party read: "(Description of vesual moderate) would have to involve

The second of the second secon

A profile of the typical reader of THE BANKER

The typical reader of THE BANKER is a Senior Vice-President, working for a commercial bank. He has responsibility for international affairs; yet, despite his senior executive position, he la only 42 years old. He will have access to a computer, be responsible for selecting or purchasing technology or equipment and will be involved in both personnel selection and relocation matters for his bank. As in to be expected, he is a well-travelled executive making about 13 international flights on business each year, normally first or business class, and spending 24 nights in botels. Chances are that he will have two credit cards and regularly rents cars. For more specific details of the MORI research findings leto readers of THE BANKER and the opportunities offered to you for business and profit, please contact:

liable in damages for failing to ochieve more than the minimum obligation which he undertook

obligation which he undertook by his contract.

"About" clearly did import some margin below and, if relevant, ebove the stated figure of 15.5 knots. When it was sought to hold the shipowner liehle in damages for breach of the undertaking, he was entitled to have his liability measured by reference to the lower end of the range.

to have his liability measured by reference to the lower end of the range.

The charterers' preferred construction would impose the upper limit on the contractual obligations and so would the arbitrators' construction as explained by Mr Crookenden, in cases where the weather conditions were both moderate and favourable to the vessel. Both of those constructions were rejected.

With regard to the permitted margin, Mr Caldin referred to various authorities in the form of English jodgements and U.S. arbitration awards, together with textbook commentaries, for the proposition that the effect of "about" was a mixed question of law and fact, which ha submitted should be decided by the court on the basis of tho arbitrators' findings.

Mr Crookenden submitted that the matter was essentially e question of fact for obitratora to decide, within limits which the court might impose as e matter of law.

Mr Crookenden's basic sub-

to decide, within limits which the court might impose as e matter of law.

Mr Crookenden's basic submission was correct. The effect of "ebout" was that some margin must be recognised on either slde of the stated figure. The size of that margin was e question of fact in the particular case, including, where relevant, the influence of any trade or other recognised commercial practice. The court retained the power to rule as a matter of law that the margin could not "reasonably" exceed or be less than a certain figure. In cases where the court was the sole judgo of fact as well as law, then the distinction need not be made, except possibly for tho purposes of appeal. But in any oppeal from arbitrators the court could not do more than rule that some margin must be allowed and further rule, when required and entitled to do so, that a particular conclusion reached by the arbitrators was outside the permissible "reasonable" limits.

It followed that the arbitrators

outside the permissible "reasonable" limits.

It followed that the arbitrators
ware entitled, indeed bound, to
decide whether the appropriate
margin in the present case was
5 per cent or half a knot or some
other figure. It was also for

Crookenden (William A. Merrick).

For the shipowners: Giles
Caldin (Holman Fenwick and
Willan).

By Rachel Davies
Barrister

them to say wbether the sole reason for a margin was the need to allow for the effect of The owners' construction was correct and was justified in law by the principle thot a contracting party was not to be held conditions. vessel's performance in ideal conditions. The court therefore declined

conditions.

The court therefore declined to rule what the margin must be for the purposes of the dispute. The required margin had to be allowed in all conditions up to and including moderate weather in the same way as the arbitrators had interpreted under good weather conditions.

The second issue was concerned with the proper method of establishing the "average" consumption for the purposes of the warranty in the light of additional provisions.

The issue arose because there were periods during the currency of each charterparty when the vessel exceeded the consumption was less than the warranted figure after edjustment to allow for differences between the actual and the warranted speeds.

The question was whether the average must be esteblished over the full period of the charterparty as the owners contended, or over some other period, and if so, what period. The arbitrators had rejocted the owners' contention.

There was no express stotement in the charterparty itself as to how the averages were to he established. The average speed was measured on an hoorly basis, and the average consumption was per 24 hours.

The correct approach was that

hoorly basis, and the average consumption was per 24 hours. The correct approach was that the overages must be calculated on whataver hasis was fair and reasonable as between the parties, as a means of establishing what the capability of the vessel was at the time when the warranty took effect, for the purpose of the charterparty in question.

Assessment of the averages

Assessment of the averages then became a question of evidence and of fact which was

evidence and of fact which was for the arbitrators to considor and decide.

In the present case the arbi-trators had made calculations for individual voyages and there was no ground for saying that it was unreasonable for them it was unreasonable for them to do so, or that they were wrong to do so as a matter of law. No doubt, however, they would wish to reconsider their calculations in the light of what bod been said ebovo and if necessary they would be prepared to revise them. revise them accordingly, For the charterers: Sin Crookenden (William A. Mer-

APPOINTMENTS

Changes at Initial

Thompson as managing director of its industrial services company, Initial, in succession to Mr Ted Weston who retires on December 31. Mr Weston will remain as a non-executive HOLDINGS as e non-executive director of BET. Mr Thompsoo director.

This been a director of Initial sinre 1978.

Mr John Lavin bas been · Ho has also been appointed

as chairman of a new textile services divisional board of Initial, formed to replace tha boards of two previous divisions of Initial—Initial Serices (ISD) and Initial Workwear Services (IWS)—and the two recent ecquisitions, Advance Services and Laundrycraft. Other ecquisitions, Advance Services and Laundrycraft. Other members of the new board will be: Mr Alan Toms, chief execu-tive of ISD; Mr Norman Walker, chief executive of IWS; Mr Lee Cummins, chief executive of Advance; Mr John Bethell; chief Advance; Mr John Betnell; Chier executive of Laundrycraft; Mr David Havens, comptroller; Mr Denis Wheian, operations direc-tor; Mr John Cropley, trade development director and Mr John Milner, secretary.

Mr J. P. Kinch has succeeded Mr C. D. Smith as company secretary of ARGYLL GROUP. Mr Smith continues as the director responsible for group

Mr Martin Housten has been appointed personnel manager and director designate for STAKIS HOTELS AND INNS. Mr Houston joins Stakis after five years with Grand Metropolitan International Services, where he was personnel manager.

MENTOR MANAGEMENT has appointed Mr Ken Hawkins to the board. Formerly sales director of the N.F.C.s Freight Computer Services, he will be responsible for all aspects of the company's commercial business operations.

At ECONOMICS LABORA-TORY EUROPE Uxbridge, Mr Roderick G. Johnson has been named vice president and finance director, Europe, for the mance director, Europe, for the European headquarters of Economics Laboratory, Inc. St Paul, Minn. Mr Johnson previously was director—new husinesses. with Baxter Travenol Laboretories. Inc (UK).

the Britannia Packaging plant in Stoke-on-Trent. He was appointed Alida Packaging production director in 1981.

Mr John Stone is the new group commercial director responsible for financial metters group responsible for mancial metters for both Alida Packaging ond Britannia Packaging. He was appointed o director of Alida Packaging in 1984. Mr Alan Cibros. Gibson ongineering director, becomes works director of Aida Packaging Limited, responsible for manufacturing and projects. At Stoke-based Britainnia

BET has appointed Mr Brian Packaging, Mr Gareth Evans becomes sales director.

Mr Leslie Holliday, former chairman of John Laing, joins the board of DECLAN KELLY

Mr John Lavin bas been eppointed sales and marketing director of INFOTRON SYSTEMS. Mr Lavin comes to Infotron from Storage Tech-nology where be was employed from 1980 latterly as UK sales and marketing manager.

Mr Nigel C. Boardman, Mr Clifford A. Millensted, Mr Glyndwr Davies, Mr Dexter W. Bree, Mr Arthur T. Copple, and Mr James G. Lloyd join the partnership of KITCAT AND AITKEN, stockhrokers, from October 28.

Mr Jeremy Colson, has joined the board of BESTWOOD as finance director. He was pre-viously group finance director of Donald Macpherson Group.

Mr David Kimbell has been appointed managing director of SPENCER STUART AND ASSOCIATES in the UK. Mr Kit Power remains as chairman end Mr Tim Scrives and Mr John Sackur become vice-chairmen of the UK company.

Mr Rey Mills joins CONTROL RISKS with responsibility for the new computer security divi-aion. Mr Mills was previously with Llayd's of London Press where he was responsible for cetting np onlino computer services and electronic publishing.

NCR has appointed Mr John Cooper, as director of the educa-tion division. He was UK educa-tion manager for Wang.

Mr Paul B. Walsh is joining CHEMICAL BANK INTER-NATIONAL as director responsible for the sales and trading. He was executive director responsible for the sama areas of business of Hill Samuel. Also moving to CBIL from Hill Samuel are Mr John Campbell and Mr Tony Marshall, new issues and Eurosterling

European headquarters of Economics Laboratory, Inc. St. Paul, Minn. Mr Johnson previously was director-new husinesses with Baxter Travenol Laboratories, Inc. (UK).

ALIDA PACKAGING GROUP, film division of Alida Holdings, has appointed four directors: Mr Ian Ball becomes operations director responsible for manufacturing at both Heanor and at the Britannia Packaging plant in Campbell and Mr Tony Marshall, new issues and Eurosterling traders.

LASKYS, subsidiary of the Ladbroke Group, has appointed Mr Colin Livermore as purchasing director. He joins from Rumbelows Thorn EMI retait division, where ha was merchandise controller.

Mr Michael A. Lydon has been appointed assistant general manager in NATIONAL WEST. appointed assistant general manager in NATIONAL WEST-MINSTER BANK'S related banking services division. He was pre-

> INFORMATION RESOURCES. a member of the Gothard House Group, bas appointed Ms Louise Council as director—informa-tion, from November 1.

viously bead of group planning.

Mr Hugh Seymour and Mr Erie McAusian have been eppointed executive directors of MARTIN CURRIE INVEST-MENT MANAGEMENT.

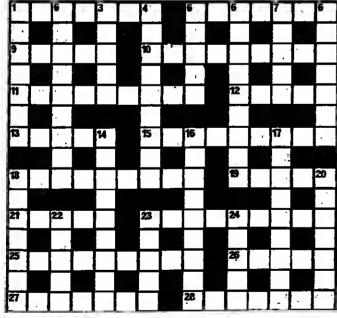
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ACROSS 1 Colourful run-up for a hird

(7) 5 Indian Watch Co. going bust (7) 9 Charge where film-makers

work (5)

10 Clothe Dan tidily for the events of two days (9)

11 One's last tablet? (9)

12 Gem-type (5) 13 Oil-platform I would make unbending (5)
15 Daily having trouble with knee (9) 18 Frightful fellow still in the

field (9)

19 A cricket club notice put back—that is capital (5)

21 Either way, it is a note to be

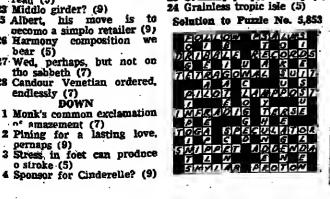
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23 Middlo girder? (9)
25 Albert, his move is to

secome a simple retailer (9)
26 Harmony composition we bear (5)
27 Wed, perhaps, but not on the sabbeth (7)
28 Candour Venetian ordered,

endlessly (7) DOWN

1 Monk's common exclamation 2 Pining for a lasting love, pernaps (9)
3 Stress in foet can produce

o stroke (5)



5 Hiding-place for money that

6 Pienic? Try cold mushroom!

7 A slatternly woman getting

up in Oklahoma (5) 8 Women — crooked — used

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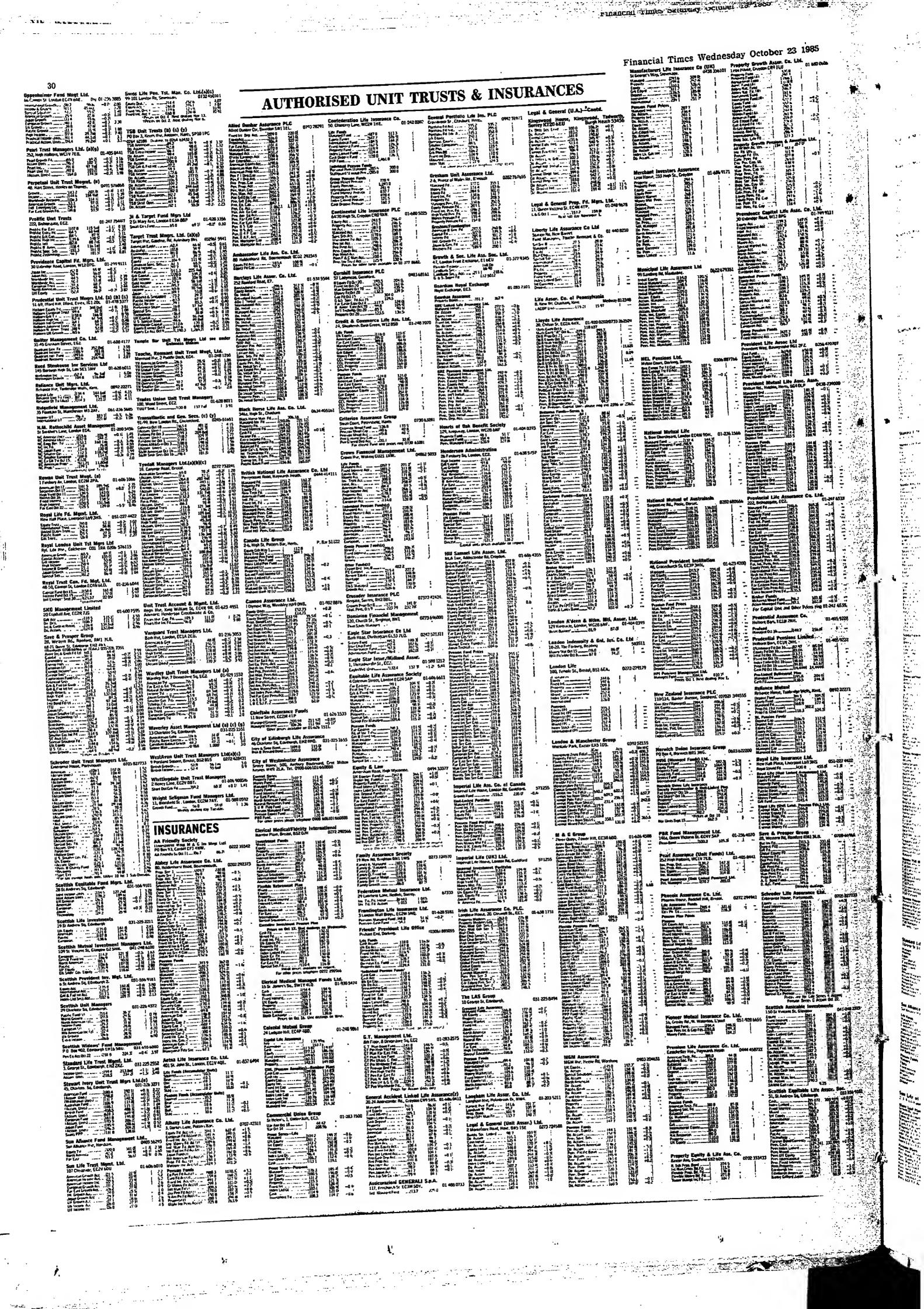
16 Ring me in exhibition—in a

way not specified (7)
20 A Greek character—the first

woman to earn (7)
22 Bottle-opener versatile in

part (5)
23 Ordinary people of Italy (5)

black and white (9) 17 Main refuge for Alaskans?



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SILVER 5,000 tray or, cents/way or

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SUGAR WORLD "11"

112,000 lb, cents/lb

High Low 113:35 117 60 117:40 115 70 116:75 115:10 116:50 114:30 113:90

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LONDON

MARKETS

COPPER PRICES were firmer

on the London Metal Exchange reflecting the New York trend and increasing tightness of nearby supplies in London. The cash price gained \$8.50 to £980 a tonne of the close partners for

at the close, narrowing its discount to the three months

position, which rose only £5.25 to £993.75 a tonne. With

the exception of tin, again

supported by International Tin Agreement buffer stock

buying, the other base metals

were lower. Cash zine lost £12.50 to a 33-month low of

£435 a tonne as continued

weakness — based on persis

tent oversupply despite recent production cuts -

ALUMINIUM

mover: 19,175 tonnes.

696-96.5.

COPPER

London beef futures to start in **February**

By John Buckley

THE LONDON Meat Futures Exchange plans to start trading in beef next February its secretary, Mr Chris Prior Wil-leard, announced yesterday. LMFE is determined to press

ahead with a vigorous cam-paign to promote beef despite the slow pace of its pigmeat contract and the inertia in the sister "tive" pig market. Mr Prior Willeard admitted

pigmeat bad ploced too much emphasis on the producing sector, partly because of the heavy farmer participation in potato futures. The beef market, however, would be exporters, aimed at exporters, slaughterers, manufacturers and processors. Exporters were already showing keen interest, he said.

Success of the new market wilt depend on hrokers actively promoting it and in turn on their withingness to understand the practical difficulties en-countered by the physical trader. "There's no doubt a guif exists between broker and trade

clients." he said. High hopes are pinned on beet's launch to regain momentum in pigmeat added Mr Prior Willeard. "Chlcago live bogs took nearly three years to establish while cattle were an almost overnight success." be pointed out.

WEEKLY METALS

All prices as supplied by

ANTIMONY: European free market, 99.6 per cent. \$ per tonne, in warebouse, 2,780-2,890.

BISMUTH: European free market, minimum 99.99 per cent, \$ per lb, tonne lots in warehouse, 4.15-4.30.

CADMIUM: European free market, minimum 99,95 per cent. \$ per lb, in warehouse, ingots. 0.75-0.79, sticks. 0.82-

COBALT: European free market, 99.5 per cent. S per lb, in warehouse, 11.10-11.35.

MERCURY: European free market, minimum 99,99 per cent, \$ per flask, in warehouse,

MOLYBDENUM: European free market, drummed molybdic oxide. S. ner. lb. Mo, in warehouse, 2.75-2.82.

URANIUM: Nuexco exchange value, \$ per lb U O, 16.00.

South Africa fears push platinum price above gold

THE PRICE of platioum leapt above gold. It last climbed to in a narrow and more volatile above the gold price on the a premium in August when, market than gold. It tends to precious metal markets yestering a key speech, President react more quickly and day, in response to the warn-Botha failed to onthings from President P. W. expected political reforms.

Botha that South Africa might retaliate against economic sanctions planned by its trading

In Loncon, platinum closed \$5.25 up at \$328.25, while gold finiahed \$2 higher at \$327.75. Traders said that the platinum price increase was bolstered mainly by speculative buying. Investors were concerned primarily about the threat present. marily about the threat posed to metal supplies by the continuing unrest in South Africa. It is the second time this year that platinum has traded

President react more quickly and ontline dramatically to sentiment.

Apart from jewellery, the

Pletinum responds more quickly than gold to market views on South Africa, priyiews on South Africa, pri-marily because South Africa dominates the platinum market to a greater degree than the gold market. The country's three big ptatinum companies— Rustenburg, Impala and Western Platinum—are believed to supply some 80 per cent of to supply some 80 per cent of the western world's demand, with most of the rest coming from the Soviet Union.

main uses of platinum are in the electronics industry and in the vehicle industry, where it is needed for the catalytic converters fitted to some vehicles to clean up exhaust gases. Bu traders said yesterday that industrial stocks of the metal were high enough to ride out any short-term interruption to supplies. The U.S. Government's General Services Administration said earlier this year that it was planning to reduce rather than expand its strategic atock-Moreover, platinum is traded pile of platinum.

Venezuela in \$600m coal plan

BY MAURICE SAMUELSON

supplement its oil earnings, the front-runners for the com-which are suffering from falling tract were yesterday dismissed oil prices.

In the first quarter of next year, it is expected to invite bids from overseas companies to participate in the Carbozulia project. It involves the extraction of more than 200m tonnes of open-cast coal at Guasare, in Westero Venezuela, near Colombia, at an estimated cost of more than \$600m.

British Petroleum Coal confirmed in London vesterday that, once the contract went out to tender, it planned to bid for it in conjunction with Swede Last May. Sr Arturo Hernanit in conjunction with Swede Coal, representing a group of Swedisb interests. However, in

The Carbozulia project will be in the bands of Petroteos de Venezueta, the State oil company, which is reported to be seeking foreign partners to provide up to 40 per cent of an estimated investment of \$666m.
The State oil company was quoted in Caracas last week as saying the mines would produce aome 6.4m tonnes of coal a year within five years. At current prices of \$40 a toone, that would

dez Grisanti, Minister of Energy and Mines, announced that the

VENEZUELA IS planning a and Poland, and reports that provide financing as well as major investment in coal to the Anglo-Swedish team were technical and marketing exper-

However, with estimates of future world coal damand fre-quently being downgraded. some coal industry circles are now questioning the timing of the Venezuetan ptan. At present, oil exports sup-

more than balf the Vene zuelan Government's revenue and with oil accounting for more than 90 per cent of foreign income, the country bas been seriously affected by the world oil glul of the past three years. In the past Venezuela has been inhibited from developing its non-oil resources be-cause of the extent of its oil terest is also being shown by State oil company would man-rels of recoverable reserves, companies in West Germany, age the project, along with a approximately the same as the U.S., Frace, Spain, Japan foreign concern which would those of the US.

Gallium unit to start up soon

BY BERNARD SIMON IN TORONTO

production unit of gallium, a metal used in the manufacture

VANADIUM: European free almost ooe-third of total world market, minimum 98 per cent VO, other sources, S per lb VO, cif, 1.10-2.20.

SELENTUM: European free market, minimum 99.5 per cent. Sper lb, ln warehouse, 7.20-7.30.

TUNGSTEN ORE: European free market, standard minimum 65 per cent. S per tonne uolt WO. cif, 62-70.

VANADIUM: European free minimum wood on the company's Apex Mine in South-West Utah is likely to reach lts full production rate of 10 tonnes of gallium metal a year within a month of start-up.

The mine will account for almost operate at higher resistance to radiation and operate in wider temperature

Can be combined with phosphorous, antimony or arsenic to form compounds with semi-form compounds with se Musto claims lo use a unique

THE WORLD'S first primary duction is estimated at 18 with some contracts running for

tonnes a year. three years. Prices for gallium Gallium, a liquid metal at are negotiated between prospeed computer chips, is due to now been extracted as a by sently around \$325 a kg. product of bauxite and zinc. It Gallium metal will initially next week or two.

refining process developed by the Canadiao zioc producer zinc and germanium, a metal sales contracts have been signed Cominco. The two companies used for infra-red optics and for the Apex mine's entire signed a licensing agreement fibre optics. Germanium pro- initial production of gallium, last October.

Orange juice goes sour on Brazil

neat rows on its gently equivalent to a quarter of Florida's entire output.

A small plaque set amid saplings at a nearby agricul-tural research station quotes Abraham Lincoln: "If one day the cities disappear, the fields will survive. But If the fields disappear, the citles will not

The epigram may appear excessively grandlose in association with such an apparently humble item as orange juice. But the vitamin C-rich fruit drink has done a power of good to the people of Bebedouro over the past few years.
It has also given a powerful

shot in the arm to the country's balance of payments. After turning in an average \$600m in export earnings between 1981 and 1983, sales exploded last year to a dizzy \$1.47bn. Overnight orange juice became Brazil's third ranking export carner, after coffee and the soya At the start of 1985 official

forecasts were that while the volume of sales was not expected to hold up tn last year's exceptional levels— boosted by the disastrous December 1983 frosts in Florida -higher prices would compen-sate for the shortfall, and revenues would remain around the \$1.4bn mark.

With the New York price for November delivery below 120 cents a pound, the decline since mid-1984 has been by over 30 ing juice factories.

per cent. orange juice business, which in finally produced an agreement recent years bas overtaken last month on a price of Florida to become the largest Cr20,000 (£1.68) a box, half in the world, has bean little

short of disastrous. The price fall has caught both has recently spent an estimated

itself the orange juice capital controls the pulping business tion from their current remon-of the world. The orange and exports the concentrated strations to Brasilia the likely groves spread out in regiment-juice in frozen, semi-solid form outcome is yet another lengthy ally near rows on its gently has recently spent an estimated suppage, tambging in the rolling bilts are expected this \$120m on plant expansion and the export prospects for this year to produce some 25m new port terminal facilities.

boxes of oranges (each of The U.S. is by far the lar
90 lb) equivalent to a quarter gest single market for Brazilian jections export sales were

juice. In a typical year it takes already going alowly. For the about 45 per cent of the total. January to September period Thus the recent disclosure that Cacex has reported orange Coca Cola which, through its juice exports of \$578m, equiva-Minute Maid subsidiary, is the lent to \$770m over the full

Andrew Whitley on how a slide in world prices has set one of the country's fastest growing industries back on its heels

leading purchaser of Brazilian year, safely balf the official juice, is planning a major diver-sification into orange juice itself in the jungles of Belize has trend Cacex, which in recent come as a low blow Brazil's months has become increasingly come as a low blow Brazil's industry.

The downturn has, not aurprisingly, set the growers and the juice producers at each others' throats. It has also nothing to the slate.

At the beight of the current pulping season, angry growers in the heart of the orange belt, Inslead, the international arguing for a better minimum market price has pose dived, purchase price, recently succeeded in halting production sell their produce and blockad-

Strepuous government medi-The effect on the Sao Paulo ation at eabinet minister level what the growers were originally seeking.

The seige was lifted and middle of an expansion drive.

Over the past decade the number of orange trees planted in the state has climbed from 74m out any allowance for inflation of the U.S. animal feed profor another in ducer and grain trader, which state has climbed from 74m out any allowance for inflation decay.

Sugar cane. For those who canotic cargill Agricola, a subsidiary not, all that remains is to pray of the U.S. animal feed profor another bsd winter in ducer and grain trader, which

with this doleful interventionist in the industry, is reported to be weighing up two equally unattractive options. The first is to cut the minimum export registration forced the Federal Government price from the current \$1,400 to intervene in an industry a tonne. The second is to reduce which in its better days used to the authorised volume for 1985 exports from 650,000 to nearer

500,000 tomes. The export price has already been aliced once this year, in June, from \$1,800 and Sr Roberto Fendt, the new foreign trade chief, is believed to be reluctant to reduce it further for seven weeks by refusing to for fear that the market price will simply collapse.

of storage and high financing York price, the people of geared itself up to pulping annually 700,000 tonnes for export over the next time. export over the next two years. struggling with their customers.
It could bankrupt many of growing debts. the small growers (only 400 of the 15,000 in Sao Paulo can be

BEBEDOURO a middling-sized to 123m. Meanwhile the four currently running at an annual is the third ranked juice town in the north of Brazil's member oligopoly (three rate of over 220 per cent. company in Brazil, is for Sao Paulo state, likes to call Brazilian, one foreign) which if they do not get satisfactexample, bidding to catch up on its larger rivals by building a new plant capable of handling outcome is yet another lengthy 10m boxes a year, stoppage, damaging further Citrosuco Paulista, the second

largest producer, is also in the middle of a major expansion programme, while Succeitrice Cutrale, the biggest, inaugur ated in May Its own \$14m bulk handling terminal.

The Sao Paulo orange belt is

a tilted oblong covering roughly 220 by 30 miles, centred on the prosperous cities of Campinas, Riberao Preto and Sao Jose do Rio Preto. It is climatically one of the best regions in the

one of the best regions in the world for oranges.

According to the Sao Paulo agriculture secretariat, it is almost entirely frost free and has a 210-day picking season, producing oranges of an acceptable—though not the best—international standard. Citrus canker, the blight which has troubted Florida's orange groves, is virtually absent. Oranges have recently dis

placed coffee, the traditional crop, in many parts of this region but there is strong competition for land use from sugar cane for the government-subsidised alcobol fuel programme. It is one of Brazil's most prosperous farming regions reflected in the relatively high price of land.

Having broken through after the December 1983 Florida frosts as the world's leading exporter by far, the feeling until recently in the orange beli was that Brazil bad fipally established itself as the master of the markets. "It is Brazil which sets the price, not New one juice producer boasted earlier this year.

or fear that the market price
ill simply collapse.

But a volume cut to 500,000
That jaunty self-confidence
has been rudely pricked over
the past few months. As they

New plantings have been halted until the market commercial producers in Sao ority, resumed issuing export considered large scale operations) and the big juice producing factories in the middle of an expansion drive, of the main hitterly unhappy with a middle of an expansion drive, over the past decade the number of the main in the main hitterly unhappy with a deal under which they will get acity.

Cover the past decade the number of the main installments are acity.

FINANCIAL TIMES

Oct. 21.0st. 18.Mith ago Year ago 248.24246.71 251.04 295.99 (Base: July t 1952-100)

(Base: September 18 1931 = 100)

Spot 116.0t 115.65 - 124.09 Fut 118.68 118.41 - 126.83 |Base: December 31 1931 = 100)

In tonnes unless otherwise stated.

pushed prices through estab-lished support levels in both dollar and sterling terms. LME prices supplied by Amalgamated Metal Trading. METALS ____£1100 ____£1100 ____\$1000.20 __15 &1005.25 Unofficial + or close(p.m.) - High-low E per tonns Cash 671.5-0.3 -4.5 671 671 5 months 694.5 - 3.5 697-692 Official closing (am): Cash 668.5-9 (675.5-6), three months 692-.3 (697-5), sattlement 669 (697). Final Kerb close:

Higher grade Unoffic" + or High low Cash 979.3 49.6 + 8.5 971 971 3 months 993.5 4 + 5.25 5995 5984.5

Official closing (am): Cach 971-5 1977-5), three months 985-5 (993-5-4), settlement 971-5 (977-5). Final Kerb close: 993-5-94. Cathodes 981-5 +7.5 3 months 981-5 +4.8 Official closing (ad): Cash 953-4 (957-52), three months 972-4 (979-81), settlement 954 (952). Turnover: 21,150 tonose, U.S. Producer prices 66.5-70 cents per pound.

LEAD

	Unofficial closerp.m.	+ or High tow	
Cash	071.5	-0.75 272 5-271	
5 months	276.5	- 276 276	

Difficial closing (am): Cash 262-5 (271-5), three months 276-7 (278-5-7), septement 262-5 (271-5). Final Kerb close: 278-78 5. Turnover: 6,200 tonnes, U.S. Soot: 12.5-20 cents per pound.

NICKEL

	Unofficial + closep.m.l - £ per tonne	- Highilow
	2870 5 -35 2895 900 -55	
(2880-90), 40), setti Kerb close	closing (am): three months 2 ement 2970 (2 2900-10.	1885-90 (2930- 1990). Final

High grade Unofficial + or High low close p.m for day E per tonne
Cash 8541.5 +16.5 3 months 3460.2 +3.5 3486.8488
Official closing (am]: Cash 8545-50 (8560-701, three months 8465-2 (8480- 5), semisment 8650 (8570).
Standard ;

Cesh 8541-5 +15.5 3 months 3454-7 -3 3465-854 Official closing (am): Cash 8545-50 (8565-70), three months 8460-1 (8476-7), sentement 8550 (8570). Final Kerb close: 8457-60. Turnovert 2,090 tonnee, Streits lin S\$29.93 (29.91) kilo.

ZINC

Highorade	Unofficia close p.m £ per	.) —	High/low
Cash 5 months	434.6-5.6 441-2	-12,5 -12,5	150,458
Official (445-7), 1 sertlament	closing to hras month	m): Car a 4455 7). Fr	nh 439-40 14535), nal Kertr

GOLD

Gold rose \$2 to \$327-328 on the London bullion market yesterday. It opened at \$325-3-328- and was fixed at \$325.90 in the morning. Trading was quest unil New York opened, but then rose as the price of glatinum increased juite charply. Nervousnese about the situation in South Africe and the Ihreat of another miners strike pushed the metal up to \$327.75 of the afternoon ixing and to a high of \$328-328-328. The carly morning low was \$3261-326, :(ND SULLION (San ounce) Oct. 22

Nose 55271e 528 (£2281, 2283, 2283, 2283, 2283, 2283, 2287, 2287, 2383, GOLD AND PLATINUM COINS

Arg'rad \$350 350\(\text{ig}\) (2280\(\text{ig}\) (30\(\text{ig}\)), Rrug. \$173\(\text{ig}\) 174\(\text{ig}\) (2191\(\text{ig}\) 121\(\text{ig}\) (252 62\(\text{ig}\) (354\(\text{ig}\) 231\(\text{ig}\) 235\(\text{ig}\) (235\(\text{ig}\) 235\(\text{ig}\) (235\(\t

SILVER

Silver was fired 2.25p en cence lower for spot delivery on the London bullion market yearerday at 427.55c. U.S. cent equivalents of the fixing levels were: apol 613c. down 3.35c; three-month 624.65c, down 3.45c; exmonth 682.65c, down 3.7c. The metal opened at 4271-430-pp (614-617c) and closed at 4314-434-pp (619-622c).

SILVER Buillion + or LM.E., + or per Fixing - p.m. + or line | Unofficiti 8001...... 427.35p | -2.25 | 432p | -5.7 3 months. 439.20p | -2.85 | 444.25p | +6 6 months. 450.65p | -2.85 | -2.50 | -2.50 | -2.50 | -2.50 LINE-Turnover: 14 (21) lots of Cash high/low 427.5p; three months high/low 443p, hna) kerb 443.3.5p.

JUTE—Raws: Nov/Dec shipment c end t Oundee aTC \$455, aWC \$460. aTD \$420, aWO \$415; c and 1 Antwerp aTC \$450. aWC \$440, aTO \$410, aWO \$400. Ptcducts, c end 1 Oundec ax-India October shipment 40in 10oz £12.35. 4Cin 7.5oz £12.15; a twille £43 33.

INDICES

Oct. 22.0ct. 21 M'th ago Year ago 1701,5 1702,4 1724.0 1902,1 DOW JONES

Dow Oct. | Oct. Month Year Jones 21 16 | ago | ago

MAIN PRICE CHANGES

Oct 23 + or Mont2 1985 — ago

Coconut /Phili 8456 Copra Phil Soyabean (U.S.)

‡ Unquoted. x Oct-Nov, w Nov-Dec. v Nov. u Dec. † Per 75 ib flack. c Cents

COCOA

Futures eased during an extended opening call and lost a little more ground letter. A suring recovery late in the alternoon saw lavels on the close at the highs of the day. Some consumer official alled to scala-down proceiring was again apparent but producers continued withdrawn. reports Gill and Ouflus.

Yesterday's Close + or Business C per tonne Dec. 1705-1706 +11,0; 1706-1886 March. ... 1745-1746;+17,0; 1746-1719 May. ... 1771 1772 -24.0, 1773 1736 July 1794-1796 +15.0, 1795-1773 Nov. ... 1794-1796 +15.0, 1795-1773 Nov. ... 1804-1805; +10.0; 1804-1780 Mar. ... 1808-1815; +6.5; 1806-1891 Dec. Jan February, 1808-1815; +6.5; 1806-1891 March. April CCO indicator prices (U.S. cents per pound), Only ptice for October 21; 106.19 (106.96); five-day diverged for October 22; 106.15 (106.29).

COFFEE

GRAINS

Turnovar: 8.825 tonnes. U.S. Prime Vestern: 38-38.75 cents per gound.

Nov... 105.50 -0.29 105.65 +0.15
Jan 108.40 -0.26 109.25 +0.65
Mar... 111.30 -0.15 110 00
May... 114.55 -0.16 114.96 -0.05
July... 117.05 -0.11
Sept. 27.12 -07.10 -Business done—Wheat: Nov 105.80-8.50. Jan 106.65-2.40. Mar 111.40-1.30. May 114.40-4.30. July 117.20-7.00. Sept untraded. Sales: 235 lots of 100 tomes. Barley: Nov 106.35-6.00. Jam 109.25-6.00. Mar 112.00-1.80. May and Sept untraded. Sales: 184 lots of 100 tomes.

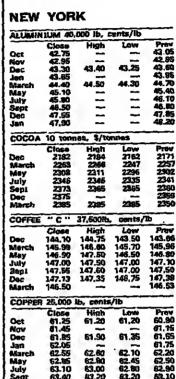
MEAT

p. per kifb (deadweight)

U.S. MARKETS GOLD AND SILVER traded in a mixed fashion with

underlying support from a threatened strike by black South African mineworkers, reports Heinold Commodities. Copper was supported by expectations of a settlement between Chrysler and the United Automobile Workers. Aluminium weakened on a Aluminium weakened on a lack of speculative interest. Sngar firmed ahead of a planned buying tender by India. Reports of Nigerian shipment delays helped support cocoa values. Coffee maintained a firm tone in response to synwing concern. maintained a firm tone in response in growing contern over Brazilian erop prospects for 1986. Cotton traded modestly higher as producer offers dried up and trade support emerged. The energy complex traded steady to lower with product mader complex traces steady to lower with products under nressure in anticipation of heavy imports into the U.S. The grain ond soyabean complex firmed reflecting a lack of harvest artivity and a firm

tone to cash.



COTTON 50,000 lb, cents/lb Close High 58.56 59.70 90.13 60.28 60,63 60,75 59.13 59.13 59.13 59.25 52.56 53.15 53.50 CRUDE TIL (LIGHT) 42,000 U.S. gallons. 5/barrols

GOLD 100 troy oz. \$/troy oz

After a quiet morning, prices fell despite a background of concern over the Brezilian drought. Veluce recovered on erbitrage business against New York and on short-tovering. COFFEE |Yesterdy | + or | &usiness Oct 352.1

Dec 356.8 354.0 354.0 356.0

Feb 362.0 361.0 360.0 36

April 367.3

June 372.6

August 378.7 378.1 378.1 378.1

HEATING OIL 42.009 U.S. gullons, conts/U.S. gallons

Seles: 3.717 (2.701) lots of 6 tonnes. 1CO indicator prices (U.S. cents per pound) for October 21: Comp. deily 1979 124.61 1124.16); 15-dey average

Wheel eased ofter making initial small pains to close at the dey's lows. Long liquidation shead of tendering against the November position was the major leature. Barley recovered from early losses on profit-taking after the rocent drop, closing at the day's highs with some obioper support in March, reports Mujragers.

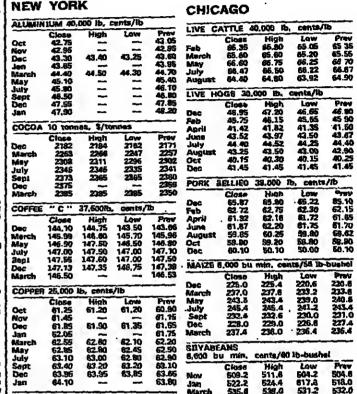
WHEAT BARLEY

Sect untraded. Selea: 194 lots of 100 tennes.

LONDON GRAINS—Whest: U.S. dark northern soring No. 1 13 per cent Occ 131.25, Jao 133.70. Feb 136.45, Merch 139.55 transhroment seat coast. U.S. No. 2 soft red winton Nov 113.75, Occ 114.75, Jan 113.50, Feb 116 00 sellers. EC French Nov 124.50. English feed tob Nov 108.50 bid. Dec 110.00-170.50, Jan/March 112.75-113.25 buyer/sellers, Jan/June 115 90 seller. Maixe: U.S. No. 3 yellow/French transhroment east coast Nov 135.50 seller. Barley: English feed lob Oct 107.00-07.50. Nov 108.00-105 50 buyer/sellers, Peterhead. Nov 10.50 seller English seat coast. Occ 111.50-111.75, Jan/March 115.50-112.25 buyer/sellers. Rest unquoted. HGCA—Locational ex-farm spot prices. Feed barley: 8 East 102.70, 5 West 102.20, W Mids 102.80. Ness 100.50. The UK moresary coefficient for the west beginning Monday October 28 (based on HGCA calculations using five days' exchange rates) will remain unchanged.

Spot November moved higher, following through from Mondey, but leited to hold and fell back to close at the lows, reports CCST Commodities. Yesterday's Previous Business

Sales: 33 (39) loss of 50 carcases. 1.250 kg. MEAT COMMISSION—Average fair met.p.i CUMMHISSION—Average fat-stock prices at representative markets. GB—Cattle 92.37p per kg lw (+0.72). GB—Sheep 160 85p per kg est dow (+3.63). GB—Pigs 81.59p per kg lw (+1.49).



Low Prev Huy 563.0 555.4 56.8 56.32 56.05 56.05 56.06 Nov 535.6 536.8 56.03 56.05 56.03 56.05 56.03 56.05 56.03 56.05 56 52.55 52.60 52.50 52.53 50.48EAN BIL 60,000 b, cents/fb

53.15 53.50 63.50 53.55

Dit (LIGHT) 42,000 U.5.

S/barrols

Latest Righ Low Prev Harrick 20.42 20.45 19.97 19.30

28.91 29.97 28.73 29.96

28.91 29.97 28.73 29.96

28.70 28.44 27.32 27.66 Sept 20.90 20.68 20.75

27.31 27.84 27.32 27.66 Sept 20.90 20.60 20.68 20.75

28.70 28.50 28.50 27.20 Get 20.80 20.70 20.85 20.80

28.70 28.50 28.50 27.20 Get 20.80 20.70 20.85 20.80

28.50 28.50 28.50 28.51 26

00 troy ox, \$/troy ox

Close High Low Prev
327.2 327.4 326.8 326.5 327.5
330.1 331.7 325.5 329.4
334.3 336.8 330.0 331.6
338.4 339.8 334.2 337.7
342.3 346.3 347.3 346.5
352.1 356.8 354.0 354.0 356.2
362.0 361.0 360.0 361.3
367.3 366.6 372.8
372.8 372.8 378.1 378.1 378.0 751.0 148.0 149.5 149,3 148.0 148.5 WHEAT 5.000 by min, cents/80th-

5POT PRICES—Chicago loose lard 18.00 (aamet cents per pound. New York tin 551-63 (563-66) cents per pound. Handy and Harman alter button 819.5 (813.0) cents per may

FREIGHT FUTURES

83.42 83.95 84.01 82.90 78.58 75.00 72.68

Latest High 83 30 64.05 83 25 64.60 83 30 84.60 82 20 83 30 78 20 78.85 74.75 75.50 72.55 72.75

Latest

Turnover: 154 (64). POTATOES The markel cosned lower and dritted down throughout a thin morning, with November in particular coming under salling creasure as one or two steas reported aughtly lower onces. After a similar externoon, the merket closed at or near the lows, lacking claer direction, reports Coley and Herper. Yesterday's Previous Business Close Close Done & per tonne

Seles: 218 (456) lots of 40 tonnes. RUBBER PHYSICALS — The London merket opened enchanged, ettracted no interest throughout the day and closed easier, raports Lawie and Peat. Closing prices thursers; spot 67.00p (58.00p); November 55.25p (56.75p); Occamber 55.50p 68.00p). The Kuels Lumpur top price for RSS No 1 wes 183 0 (184.0) cents e kg and for SMR 20 wes 172.0 (173.0).

SOYABEAN MEAL The market opened 50p seeier in very doll trade, reports T. G. Reddick. Prices remained within very narrow ranges throughout the day. Yesterday + or Business bloss - Done

Sales: 222 (310) lots of 20 tonnes. On its last day of trading. Nymes WT for November opened at \$30.00 traded to \$30.00 then tell back to trade at \$30.24

t pm EDT.

premium over November arent was \$2.30. Sran strengthened only slightly with Nymax but fell bettowards the close in modest treding. The petroleum products market was outer across the barrol. Gas/ov prices. SPOT PRICES Latest + or -CRUDE CIL—FOB (6 per harrel—Nov.
Arab Light 07.70 37.80
Arab Heavy 25.56-26.65
Dubai 28.95-27.65
Brent Bland 28.15-28.26
W.T.L (1pm esti 36.06-36.07
Forcados (Nigeria) 28.76-28.85
Urale (cif NWE)

Premium gasoline 278-286 | 257-258 | 257-258 | Heavy fuel oil | 135 136 | Naphtha | 289-241 | GAS OIL FUTURES Nov..... 65.30 | 67.80 | 67.00 | 65.80 | Feb.... | 02.00 | 67.90 | 68.00 | 57.80 | 77.80 | 78.80 | 77.80 | 77.80 | 64.80 | 35.70 | 64.80 | 35.70 Turnover: 2,164 (724) lots of 100 SUGAR

LONDON DAILY PRICE flow sugar \$128.00 [588.00], up \$1.00 (up £1.00).** tonns for October November deliver. White sugar \$165.00. up \$00.

Salez: 1.960 (953) lots of 50 tomath.
Tate & Lyle delivery price: 160
granulared beals sugar was \$161,20 (£189 00) a tonne for export.
International Sugar Agreements
(U.6. Canis per pound fob and stores.
Cambbean ports.) Prices for Octube:
21. Oelly price 4,85 (4,86): 16-0es.
average 4.95 (4,96). PARIS—177 per tonnel: Des 1387
Aug 1430/1441, Oct 1450/1467, Des
1470/1490.

Yest'day's Previous Business. 5 per tonne

MONEY !

FOREIGN EXCHANGES

⁽¹⁰a)

icture

Dollar keeps to narrow range

The dollar remained within its recent range in very quiet foreign exchango trading. The Bank of Japan sold o small number of dellars to Tokyo and numbor of dollars io Tokyo and the German Bundesbank intervoned at the Frankfurt fixing, but this was not enough to push the dollar lower. At the same time there was oo incentive ferdealers to take ont long dollar positions, as the threat of major intervention continued to every hang the market. Some dealers fold that the central banks did not wish the provide easy profits for speculators, and were chosing their own time to intervene on a for speculators, and were chosing their own time to intervene on a large scalo. But with Mr Yasuhiro Nakasone visiting Washington this week, and other leaders from the ajor industrial nations due to meet in the U.S., downward pressure on the dollar would continue. There have been no new factors to influence the market so far this week, but today's U.S. figures on durable goods orders and consumer prices in September may have some impact. Durable goods are forecast to rise by about 1 per cent to 1.5 per cent, but this set of figures has been very orratic in the past. The state of the s

some impact. Durable goods are forecast to rise by about 1 per cent to 1.5 per cent, but this set of figures bas been very orratic in the past.

Consumer prices are expected to confirm inflation remains under cypirol, little changed from the August rate of 3.4 per cent.

The dollar rosa to DM 2.6405

POUND SPOT-FORWARD AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

October 22 eprend Closs One month 7.5 Three p.a. months

UK1 1.4300-1.4355 1.4325-1.4335 0.32-0.299 pm 1.70 1.20-1.15pm 1.20-1.

You per 1,000: Franch Fr per 10: Lice per 1,000: Beig Fr per 100.

1169-1146 778-846 819-816 64-562 4-418 412-456 918-914 1279-1356

Long-term Eurodollers: two years 91-92 per cent; thre years 91-10 per cent; lour years 10-101, per cent; five years 101-101; per cent nearing. Short-term reast and cell for U.S. Dollers and Japanese Yen; others, two days'

Bi₄.9	Bi₆.87s	Si₄.9	S7s.91s
Di₄.9	Bi₄.9	Bi₄.9	S7s.91s
Gi₆.67s	Gi₈.67s	Gi₈.85s	Di₂.07s
Bi₄.1014	Si₄.914	Si₄.94s	Si₄.94s
Gi₆.67s	B.81s	Bi₆.8.8	Bi₆.8.8

EURO-CURRENCY INTEREST RATES

7 22 spread Close One month

1.4300-1.4355 1.4325 1.4335 0.45-0.42c pm

1.9526-1.9580 1.9525-1.4335 0.56-0.47c pm

1.9526-1.9520 1.9525-1.9525 0.56-0.47c pm

1.200-1.2230 1.2276-1.2215 0.27-0.132 pm

1.200-1.2230 1.2205-1.2215 0.27-0.132 pm

1.200-1.2230 1.2205-1.2215 0.27-0.132 pm

1.200-1.2250 2.250-2.2

rates gave further support to the pound. Stering rose to DM 3.7850 from DM 3.78 and FFr 11.5325 from FFr 11.53. It £ IN NEW YORK Oct. 21 Prev. close was unchanged at SwFr 3.1050 and Y309.25. D.MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5190. September average 2.8378. Exchange rato index 128.0 against 123.0 six months ago.

3.64 1.20-1.15p

from DM 2-6365: FFr 8.0475 from FFr 8.04; SwFr 2.1660 from SwFr 2.1650; and Y215.80 from Y215.70.

On Bank of England figures the dollar's i ndex rose to 130.7 from 130.6.

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index closed annihaged at 81.0, compared with 79.3 six months ago. It opened at \$1.1 and was steady at that level until 3 pm when the faddex fell to the day's low of 89.9.

Sterling foll 10 points to \$1.4325-1.4336, but continued to improve against most other major currencies. It was virtually uschanged throughout the day at \$1.4340, before losing a little ground to a firmar dollar towards the close. Last week's warning from the Chancellor of the Exchequer about the possi-

CURRENCY MOVEMENTS Bank of · Morgan England · Guarenty Index Change %

Morgan Gustanty changes: average 1980-1982⇒100. Bank of England Index (bass average 1975⇒100). OTHER CURRENCIES

Arg Sina. 1,1478 1,2495 0,6000 0,8010 Aus alia... 2,0390 2,04501,4230 1,4246 Brazil..... 1,659 11,925 9,270 8,310 Finland... 8,1305 8,1435 5,6735 5,6755 Grecc ... 219,52 294,62163,15 156,65 Fkong ... 11,1669 11,1850 7,7930 7,7970

Oct. 21 2 1 8 | DN . YEN . F Fr. | 2 Fr. | HFL , Lica | G& | 2 Fr. CURRENCY RATES 1. 1.485 3.785 306.3 11.53 3.106 4.270; 2551. 1.956 75.96 9.698 1. 2.641 215.8 2.048 2.166 2.980 1780. 1.366 53.50 TIM 0.264 0.379 1. 91.70 3.047 0.820 1.128 674.0 9.317 20.85 YEN 3.234 4.634 18.24 1000 37.29 19.04 13.91 8249 9.325 247.8 F Fr. 0.867 1.243 5.282 268.9 10, 2.592 3.705 2212, 1.696 66.46 8 Fr. 0.322 0.462 1.219 99.60 5.714 1, 1.275 821.6; 0.630 24.69 0.234 0.536 0.886 72.48 2.701 0.727; 1. 597.4 0.458; 17.95 0.392 0.562 1.484 121.2 4.521 1.217 1.874 1000. 0.767 30.05 C\$ 0.911 0.733 1.936 158.1 5.896 1.687 2.183 1504. 1.59.19 8 Fr. 1.805 1.870 4.939 403.5 15.05 4.051 6.571 5328. 2.552 100.

French Fr. 1919 1078 1492 83
Yan. 1519 078 1492 83
Yan. 1519 078 1492 83
Yan. 1519 078 1492 83
Nerway Kr. 2 2.43288 6.64057
Span'h Pla. 1012 8.45792 6.65150
Swiss Fr. 4 2,31038 1.81619
Greck Orch 2012 n/a 129,978
Irish Punt. - 0,907521 0,715912

EMS EUROPEAN CURRENCY UNIT RATES from central rate

Beiglen Fraec — Oenish Krone ... Germen II-merk French Fraec ... Outch Guilder... Irish Punt Justien lire ±1.5425 ±1.6421 ±1.1455 ±1.3654 ±1.5162 ±1.6673 ±4.0856 Changes are for Scu. therefore positive change denotes of week currency, Adjustment calculated by Financial Times.

MONEY MARKETS

B.Fr.(Fin)... 8r.Fr (Con)

EXCHANGE CROSS RATES

 $...i_{\mathcal{N}}$

Rates slightly firmer in London

Interest rates were slightly farmor of the Landon money market yesterday. Three-month interbank close dat 11th-115 per cent. Obscount bouses buying rates for three-month bank bills were 11th-115 per cent. Discount bouses buying rates for three-month bank bills were 11th-115 per cent. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast a money market shortage of \$2.50 m. The Bank of England forecast and modium torm bills were offered for repurchase \$2.10 known out the central bank received 13 manusced rate of \$4.55 per cent. This will tighten credit conditions, as DM 12.80m from an expiring agreement, at an already announced rate of \$3.50 per cent. This will tighten credit conditions, as DM 12.80m from an expiring agreement, Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of Walled to the interest to 8.5 per cent. The one-money market shortage of \$2.50 m. The same the Bank of Italy softer of a repurchase agreement. Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an expiring agreement Bids of which five were accepted in full and one partially.

In Brussels the Belgian Market today from an exp

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Street Charle Lambert S.L. The State of the S things I milled المتابية المتابية

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Cu le sal

yersine i i iiniled ्राक्षात्रम्यः राव्यांकर्ष cent; filim bank bills in band 2 (15-33 days) at 11½ per cent; and fil5m bank bills in band 3 (34-63 days) at 11½ per cent; and fil5m bank bills in band 4 (64-91 days) at 11½ per cent; and fil5m bank bills in band 4 (64-91 days) at 11½ per cent; fil7m bank bills in band bank bills in band 1 at 11½ per cent; fil7m bank bills in band 2 at 11½ per cent; fil7m local authority bills and fil46m bank bills in band 3 at 11½ per cent; and fil7m local authority bills in band 4 at 11½ per cent. In Frankfurt the Bundesbank NEW YORK HATES

(Lunchtime)

**Prime rate **

**Prime rate **

**South local authority bills in band 3 fil46m bank bills in band 3 fil46m bank bills in band 4 at 11½ per cent; and fil7m local authority bills in band 4 at 11½ per cent. In Frankfurt the Bundesbank NEW YORK HATES

(Lunchtime)

**Prime rate **

**South local authority bills in band 7.08

Treasury Bills & Sonds

Three month 7.24

Three month 7.24

Three month 7.25

Three year 9.52

Three year 9.52

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Three year 9.56

Four year 9.56

Seven year 9.59

10 year 10.40

MONEY RATES One Two Three 9h Lombard
Ovr-nig't Month Months Months in witten 4.45-4.65-4.66-4.78 4.6-4.7 4.70-4.85-4.75-4.85 1 81-814 91-914 9

Month Months Six Ons

Treasury Bills (sell): one-month 11½ per cent; three-month 11½ per cent. Bank bills (sell): one-month 11½ per cent; three-month 11½ per cent. Reserve Bills: Average tonder rate of discouel 11,0962 per cent. ECGO Fixed Fisence IV: September 4 to October 1 (leclusva): 11,507 per cent. Local subtrainty and Finance Houses seven days' notice, others seven days' fixed. Finance Houses 9ase Rate 12 per cent from 9ctober 1 1985. Bank Oeposits Rates for sums in seven days' fixed 6,25-6,55 percent (set). Certificates of Tax Deposits (Series 8): Deposits £100,000 and over held under and month 11½ per cent; three-lix months 1

FUTURES AND OPTIONS

Rise in \$ contracts

Dollar denominated contracts closed around their highs after an uneventful day on the London Iniornational Financial Futures Exchange. December U.S. Treasury bunds oponed at 76-24, and efter touching a luw of 76-20 closed at the day's high of 77-00, compared with 76-23 previnusly. Eurodollars for December moved in a very narrow range, opening at 91.80 and falling to a low of 91.77, befure finisbing just below the day's peak, at 91.81, compared with the previous settlement of 91.78. Dealors commented that Treasury bond and Eurodollar futures were poshed up by the lack of bonds in the cash market, as a result of the impasso in the U.S. Coogress ovar raising the Federal debt ceiling. Today's anctinn of two-year notes will do little to case the shurtage of paper, but price rises were restricted by the virtual certainty that Congress will grant increased borrowing limits before the U.S. Treasury runs out of money at the end of this month.

The raising of the debt ceiling will also bring about a very beavy U.S. funding programmo, and the shortage of paper will therefore be only temporary. Other factors belping to underpin prices yestorday, were the relatively high Federal funds rate of over 8 per cent, and signs that the U.S. economy is performing rather slongishly, possibly encouraging the Federal Reserve to cut its discount rate in the not lon distant

is performing rathor stoggisnly, possibly encouraging the Federal Reserve to cut its discount rate in the not 100 distant future. Market estimates for today's September durable goods urders suggested a rise of about 0.5 per cent, but elsewhere this rather expetic figure has been rather arratic figure has been forecast to rise by op to 1.5 per cont.

per cont.

Three-mouth sterling deposits for December closed at the day's low of 88.77, compared with 88.87 on Monday, as any bupe of lower bank base rates bas faded after the Chanceilor of the Exchequor's apeach at the Mansion House last week. Git futures were also woaker, but finished off the day's jews.

CURRENCY FUTURES POUND—S (FOREION EXCHANGE) Spot 1-mth, 3-mth, 5-mth, 12-mth, 1.4330 1.4287 1.4213 1.4117 1.3993 MM-STERLING Ss per E Dec 1,4265 1,4275 1,4295 1,4265 Merch 1,4165 1,4185 1,4135 1,4165 1,4100 1,4100 1,4050

Dec 1.4260 1.4275 1.4240 1.4285
March 1.4160 1.4170 1.4170 1.4765
June 1.4085 1.4095 1.4095 1.4090
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20-YEAR 12%, NOTILINAL GILT 250,000 32nds of 100% Dec 17-09 77-00 76-20 76-21 March 75-23 — 75-14 Est. volume 7,939 (1,333) Previous day'n open mt. 3,059 (3,078) E50,000 22nds of 100% Close Migh Low Prev Dec 113-27 114-00 113-23 113-31 March 113-29 — 114-01 Dec 112-29 — 113-01 Dec 112-20 — 113-01 Est. volume 2,549 (1,918) Previous day's open int. 4,857 (4,648) Basis quate (clear cash price of 13'-2'; Transury 2004-08 less equivalent price of near tutures contract; —8 to +4 (37mds). CHICAGO U.S. TREASURY SONOS (CBT) Close High Low Prev Dec 98-27 98-22 98-18 98-23 March 98-31 — 98-33 Est. volume 496 (395) Previous day's open ant. 1.695 (1.682) THREE-MONTH STERLING 5500,000 points of 100% U.2. TREASURY SILLS (IMM) | Dec | St. 20 | Dec | St. 20 | Dec | St. 20 | S Dec 82.11 March 91.79 91.79 June 91.44 91.44 — 91.7 Sopt — 91.7 THREE-MONTH EUSODOLLAR (IMM) 41m points of 100% High Low 7 91.77 5 Dec 134.05 134.85 133.80 135.00 March 135.05 135.35 135.35 135.95 Est. volume 359 (197) Previous day's open int. 1.480 (1.439) THREE-MONTH EURODOLLAR

PHILADELPHIA SE E/S OPTIONO £12,500 (cents per £1) 51m points of 100%

LIFFE E/S DPTIONS E25,000 (cents per £1) Dec March 23.40 23.40 18.40 18.40 13.40 13.40 8.40 9.48 4.53 0.51 2.06 4.24 0.75 2.91

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Blue cbip industrials went into reverse in London yesterday as investors retreated to await a new lead. Only tweoty foor bours after the record Elders IXL offer for Allied-Lyons, bid fervour also evaporated. The output of the company with the c come was a slow session with corroso and Block of the U.S. values drifting progressively lower until the late business. Sporadic covering of professional positions then raised leading positions then raised leading shares from the lowest levels, leaving the FT Ordinary share index 7 points down on the day at 1041.0, after 1037.7.

The threat of defence spending cuts and nervousness ahead of the ICI third-quarter results, dua the ICI Unit-quarter results, dua to be announced tomorrow, were other unsertling influences. But the main action of the session was confined to the banking sector. Aggressive selling of the four major clearing Banks accompanied revived rumours that Lloyds Bank was experiencing difficulties over Far Fastern ing difficulties over Far Eastern loans, notably in Hong Kong. The bank denied the allegations and stated that provisions for the losses incurred had been made in 1983. Share prices subsequently rallied but the sector remained sensitive to any further offerings.

The volume of selling elsewhere was light and largely consisted of profit-taking after tha recent austained advance. In tha absence of fresh support, bowever, dealers were reluctant to take too much stock on their books. A few were taking the view that the current bull market phase could be osaring its end but the majority kept thair options open and maintained a cautious attitude until the close of the current trading Account on Friday.

The exchange rate's continued nterest in the Building sector was at a relatively law ebb. Crest Nicholson responded afrest took a toll on both sbort and looger maturities, bringing falls ranging to 1, but mediam 166. ranging to 1, but mediom life issues resisted the duliness. Index-linked issues edged forward as much as 1 in places following comment on their real return. Brokers Wood Mackenzle reports that the sector is stand-ing at a record low to conven-tional Gilts.

Adverse rumours left Lloyds

12 lower at 440p, after 435p, while the other recently firm clearers reacted sharply in sympathy. NatWest closed the same amount down at 690p, while Midland relinquished 3 at 415p, after initially touching a results oext Tuesday, encoun-new 1985 peak of 422p. Barclays tered small nervous offerings finished 5 off et 417p, after 413p, and gave up 3 to 168p. GUS A Elsewhere, merchant banks confinished 5 off at 417p, after 413p, and gave up 3 to 168p. GUS A Elsewhere, merchant banks continued to attract selective sup-

port. Morcury Securities advanced 15 afresh to 605p as dealers awaited finalised details of the proposed merger with stockjobber Akroyd and Smithers, 30 better at 470p. Manson Finance Trust edged forward 3 couple of pence more to 32p following renewed specu-

which beld the overnight level of 228p. Other Lloyda Brokers, of 228p. Other Lloyda Brokers, bowever, gained ground. C. E. Heath led the way with a rise of 17 at 660p and Sedgwick appreciated 5 at 370p. Abbey Life's interim figures were deemed unluspiring and the shares drifted down 10 to 229p. Among Composites, Commercial Linion chempend 6 to 250p. Union cheapened 6 to 250p on

Several recently-issued equities moved against the general trend including Radius and Questel, which rose 7 apiece to 97p and 187p respectively.

Allied-Lyons, down to 288p at one stage, attracted support after-bours and finished 4 dearer on balance at 274p awaiting further developments in the wake of the bostile bid from Australia's Elders IXL, 5 cbeaper at 195p, The long-awaited offer. at 195p. The long-awaited offer however, failed to stimulate activity elsewhere in the drinks sector. Dealers expressed disappointment over the level of business and most leading Breweries were content to drift Breweries were content to drift gently lower throughout Regionals also gave ground with Greene King particularly vuluerable at 226p, down 6. Profittaking was evident in Distillers which dipped to 417p before settling 6 off oo balance at 420p.

Harris Queensway up

despite substantial offerings ahead of the result of C. H. Beazer's tender offer, which closes today. Henderson Group remained a nervous market soon, and gave up 5 more at 225p, Baggeridge Brick, in contrast, closed 5 dearer at a new peak for the year of 315p.

Harris Queensway bucked the trend in otherwise quietly dull Retailers and gained 8 to 262p after revealing first-half profits in excess of most analysts expectations. Marks and Spencer, scheduled to announce interim

FINANCIAL TIMES STOCK INDICES

Oct. Oct. Oct. Oct. Oct. Oct. van

Lloyds lead clearing banks lower

	22	21	18	17	16	16	ago
Government Sees	84.47	84.53	84.67	84.36	84.20	84.30	80.50
Fixed Interest	90,36	90,34	90.28	90,22	80.06	90,06	64.30
Ordinary_\	1041,0	1048,0	1050.2	1043.3	1034.9	1023.9	557,2
Gold Mine :	253.8	272,7	282,5	284,8	295.1	299,9	542.4
Ord, Div. Yield	4.63	4.66	4,60	4.63	4.68	4.73	4,89
Earnings, Yki. %(full)	11,35	11.38	11.26	11,55	11,44	11.56	11.68
P/E Ratio (net) (*)	10,82	10.85	10.97	10,88	10,80	10.68	10,28
Total bargains (Est.)	24,135	24,253	24,207	22,988	23,252	26,610	17,625
Equity turnover £m.							
Equity bargains		24,257					
9hares traded (mi)		177,8	233,0	297,2	237,2	226,7	163.4

10 sm 1046.2, 11 sm 1041.5. Noon 1039.3, 1 pm 1038.9. 2 pm 1038.7. 3 pm 1038.1. 4 pm 1038.8. Osy's High 1047.5. Osy's Low 1037.7.

Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026

> HIGHS AND LOWS S.E. ACTIVITY

-	194	95	Sinae Ga	mpilat'n		91	12 12
	Kigh	Low	Nigh	Low	Daily Citt Edged		
iovt. Secs.	84,57	7a.02 (28/1)	127,4	49.18	Bargains Equities	140.2 157.2	158,8
ixed int		82,17	150.4		Value	718.0	1,028.5
ordinary	1050,9	911.0	1060.9 (18/10/85);	28/8/40	Gilt Edged Bargaigs Equities	145,1	142,3
loid Mines	536.2 (15/4)	253,8 (22,10)	784.7 (16/2/88)	43,5	Bargains	145,4 85.3	148.3 1,057.1
	1		' '	,		1	

Wolseley-Hughes

Wolseley-Hughes featured a rise of 19 to 437p in response to good preliminary figures, but Silentnight contrasted with a fall

Silentnight contrasted with a fall of 4 to 30p, after 20p, m the half-year loss and passing of the interim dividend. The sharp fall in mid-term profits left William Murris Fine Arts with a loss of 7 at 25p, but Pentland Industries advanced to 355p on the third-quarter figures of Reebok International before reacting to close unaltered on the day at 340p. U.S. demand prompted a gain of 4 tn 83p in Hawley Group and Insight improved 10 to 164p

5 off at 915p the price for the latter in Tuesday's issue was incorrect. Noteworthy movements among secondary Stores were rare. Owen Owen, firm recently amid bopes of a counter-bid, diped 15 to 475p, while original suitors, USM-quoted Clayform Properties, eased a couple of pence to 238p. 150p. Secondary issues were featured by a jump of 22 to 370p in Pyke following news of the agreed share-exchange bid from Hillsdown, a couple of pence lower at 175p. Profit-taking in the absence of further news of the possible management buy-out of Mecca Leisure and Warner Hulidays left Grand Metropolitan 7 down at 353p, after 350p.

A subdued Electrical sector was featured by Bowthorpe which rose 15 to 355p, after 360p. on revived takeover speculation. Occasional profit-taking left lts mark on Engineerings but the losses were usually limited to a few pence. Clayton Son, how-ever, resisted the trend, and rose ever, resisted the trend, and rose 7 more ahead of Friday's interim figures. Weir Group, in contrast, eased 2½ to 68p, while falls of a few pence were recorded in Fife Indmar, 60p, and Neepseud, 2½p, Leading issues continued to drift luwer with falls of around 5 being sustained by GKN, 252p, Hawker, 397p, and Vickers, 3050.

Virkers, 305p. Leading Foods followed the general trend with quotations drifting lower on profit-taking. Tate and Lyle dropped 7 to 493p and Rowntree Mackintosh 8 to 395p while Cadbury Schweppes softened a penny to reply 10 the agreed 33 p per share cash bid from Lee Inter-national while GRA gained 3; to 61 p following speculative buying oo consideration of the group's property development prospects.
Wingate provided the Pro-

Wingate provided the Property sector with an outstanding late feature; the shares jumping 35 to a 1985 high of 140p on news of the agreed merger with Trafford Park Estates, a couple of pence off at 233p. Elsewbere, profit-taking in the absence of the widely-rumoured bid from Lloyds Bank saw Bairstow Eves touch 1120 before closing a net touch 112p before closing a net 6 down on balance at 113p. Shipping plotted an irregular course. British and Common-

course. British and Commonwealth hardened a few pence to 330p awaiting tomorrow's interim figures, while Walter Runciman rose 3 to 94p in lete trading following the first-half profits recovery. In contrast, profit-taking clipped 5 from P & O Deferred at 433p, and Millerd Docks shed 5 to 72p, after 70p, for a similar reason. Virtually all of the South African industrial issues fell away charply to trade at 1983 lows. Notable weak spots in the sector included Barlow Rand, 30 off at 210p, South African Breweries, which dropped 27 to 143p.

143p.
Financials were highlighted by a fresh flurry of speculative support for Smith Bros which advanced 8 to a new peak of 166p following news that Gartmore information and Financial Trust halde some displacehle trake in Information and Financial Trust bolds a non-disclosable stake in the company: It was also announced that the Smith New Court subsidiary intends to enter the Australian market as a corporate member of the Melbourne stock exchange stock exchange Elsewhere, Ireland's Silvermines gave up 5 at 123p following the interim

Oils down again

Oils down again

BP's in-house restructuring of credit lines totalling £4.5bn saw the company's shares marked up to 555p at the outset. However, the emergence of persistent sellers throughout the oil market quickly unsettled BP which subsequently ran back to close unchanged on the day at 550p. Shell were under pressure throughout the session and were finally 10p off at 680p, as were LASMO at 250p. Britnil partlypaid shares eased a penny to paid shares eased a penny to 125p; the second and final lustal-meot of 85p falls due on Novem-ber 1. Secondary issues provided a firm feature in British Borneo which jumped 10 to 355p in response to persistent small buying in a restricted market. Caledonian Offshore remained a depressed market and lost 20 more to 300p, while South Africa's SASOL dropped a like amount in 165p-a two-day fall of 33-reflecting the latest downor 33—renecting the latest down-ward pressure on the South African currency. Elsewhere, speculative buying prompted good gains in Gulfstream Resources, 10 better at 25p, and Night Hawk Resources, 8 firmer at 115p.

Golds weak

MONDAY'S

gain of 4 tn 83p in Hawley Group and Insight improved 10 to 164p in sympathy. Furniture shares cootinued to trade firmly, Parker Knull A rising 4 mora to 254p and Gomme a couple of pence further to 50p. Buying interest revived in Morgan Crucible, 4 to the good at 202p, but Beulox, reflecting the interim loss gave up 4 at 24p.

Press mention left Associated Press mention left Associated British Ports 10 up at 404p.

Two firm features emerged in the Leisure sector. Humphries advanced 4 to 33p, after 34p, in

tatest fall in the Rand came in the wake of the 1 per cent cut in the South African central bank rate—which is expected to result in a reduction in prime rates—and the recent imposition of further limited economic sanctions against South Africa by Commonwealth Heads of Government.

First Last Last For Dealings ings ings iton ment Oct 21 Nov 1 Jan 23 Feb 3 Nov 15 Nov 29 Feb20 Nov 3 For rate indications see end of

Unit Trust Service Money was given for the call Money was given for the call of Clyde Petroleum, Carpets International, Bolton Textile, Brooke Tool, SI, Norfulk Capital, STC, Prewier Oil, Sheraton Securities, Allied-Lyons, Bairstow Eves, Ashley Industrial Trust, Pavion, Rockware, Barker and Dobson, Energy Capital and Reabrook. A put was taken out in Manganese Bronze, while double options were transacted in "The Times" Veneer, Pavion and Markheath Securities.

RISES AND FALLS YESTERDAY

Rises Falls Same Corpus, Com. and Foreign Bonds ...

District of the last of the la

Government. Professional operators were Professional operators were persistent sellers of gold and related issues for much of the day, and quickly got the upper hand at the outset of trading, despite sustained buying interest from a number of London sources. Share prices consequently retreated throughout the morning and early afternoon but staged a modest rally after-hours on the appearance of good support from New York. The late demand from the U.S. reflected a flurry of buying interest in

Transval Consolidated Land £2 to £16, Angle American Corporation fell 60 to 700p and Geneor 70 to 590p. De Beers gave up 11 more to 293p. In Platinuums Rustenburg closed 20 off at 500p. The UK-sector initially mirrored the substential weakness of South Africans but picked up strongly towards the close of trading. Consolidated Gold Fields railied from an early 4300 trading. Consolidated Gold Fields rallied from an early 430p to end the day a net 7 easier at 438p while RTZ were finally 5 cheaper at 535p, after 530p.

Baggeridge Brick Douglas (Robt. M.)
Bethway
Blue Circle Douglas (Robt. M.)
Bilde Circle Douglas (Robt. M.)
Balle Circle Douglas (Robt. M.)
Bethway
Blue Circle Douglas (Robt. M.)
Balle Circle Douglas (Robt. M.)
Blue Circle Douglas (Robt. M.)
Blue Circle Process (A)
Mablest Mechercare
9-pac Circle 19-pac Circle Downing & Mills Process

Stewart Wrightson Willis MOTORS (2)

117 bpl.75 2.7 1.9 2.8 bpl.6 2.6 4.0 11.6 bpl.6 4.8 3.0 11.1 -2 bp4.04.7 5.3 08.16. 1 1.7 61.74 5.2 4.8 12.8 91.8 4.3 2.1 18.0 83 185 | 100 | 1/1 | 148 | 905 | F.P. | 511 | 107 | 1256 | F.P. | 511 | 135 | 138 | F.P. | 111 | 75 | 120 | F.P. | 111 | 75 | 120 | F.P. | 111 | 63 | 779 | F.P. | 511 | 87 | 100 | 50 | 13/1 | 47 | 180 | F.P. | 25 | 10167 | 95 | F.P. | 111 | 405 | 100 | | 67.P. | 111 | 405 | 100 | | 67.P. | 29 FIVED INTEREST STOCKS

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price :	d up	TE SE	196	35	3tock	Close	+
Æ	FE	1250	High	Low			í
88.466 §100 100	130 NII 126 120 125 F.P. 130 F.P. 150 F.P.	5/12 51/1 34/1 (5/1)	254 104 444 275 1014 326 113 50 1001 998	274 10pn 3554 4034 2634 10034 8434 4754 9915	Australia 21% Ln. 2012. Sank of Greece ID1/21.n. 2010. Srit. Senzol 13% Conv. Urs. in. 1995. Srit. Senzol 13% Conv. Urs. in. 1995. Sritton Est. 10-% 1st. Nort. Deb. 2016 Est. & Gen. Inv. 11 1/21 RM Ort. Deb. 2016 Evans of Leeds 11% 1st. Nort. Deb. 2025 (Nampton Txt. 11% 1st At Attg Deb 2016. Int. 3k. for Rot. & Dev. 91% Ln. 2019 9 Memory Comp. 1.8% Cmx. RPT199-9: Nat. Home Loans 25 Cnv. Urs. Ln. 2009 Nationwids 11 n/2 Sds. 159-55. Do. 11-1/2 Sds. 2010/56. Pittard 91-2 Cum. Prof.	12pm 284 104 444 575 101 53,1 15 48 992	+1 +1 -1 -1

RIGHTS OFFERS

Issue	ount dup	Latest Renunc.	19	85	Stock	Closing	+ 01
DM 198 111 35 48 85 50 165 210 100	MH F.P. NII NII	11 11 129/11 11/11 22/11 6-11 23/11	90pm 113 11pm 68 125 22pm 218 240 590m 12pm	104 8pn 37 105 15pn 180 240 28pn	BASF A.C. DM 50 Blacks Leisure 10p Brasway 10p Burns-Anderson 10p City Site Estates Crowther M DRG Limess Lighting Cartinckels Rest, 10p Howard & Wyndham 5p	671epm 101e 11pm 51 185 15pm 915 940 52pm	1
10 225	F.P.	12/11 6/12	11 78	55	Mt. Hidgs	77	⊢1

Renunciation data usually last day for dealing free of sismo duty. b Figures based on prospectus estimates. O Assumed Siwidand and yield. a Forecast dividend cover based on previous year's estmings. p Pence unless otherwise indicated. I issued by tender. I Offered boiders of ordisary shares as a "rights." "Issued by way of capitalization. §§ Reintroduced. This said in connection with reorganisation marger or takeover. E Alformant isters or fully paid. I ill introduction. § Unlisted Securidas Market. § Piacing price. 22 Deatt in under Rule S35 (3). The Deatt in Said Capitalization is supported by the S35 (4) (5).

NEW HIGHS AND LOWS FOR 1985

Mann 5 Co.

British & Com westin

Caledonia Inv.
Siecra Inv.
7 & C. Errotrust
Mutray Smaller

Micro Sc. Grants

Cap. & Smither

Micro Sc. Grants

Micro Sc. Gran NEW HIGHS (75) NEW LOWS (92) A) Inversors

Trens, Can, Pipe Electricals (6) Cambridge Sicc, Mannam h INSURANCE (1)

WITH AFRICANS (4) SANOL SA Breweries Tongart-Huletz' Intrac TEXTILES (1) TRUSTS (3)

#010:--

CONCIDENCE

FRANCE

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FT-ACTUARIES SHARE INDICES These Indices are the joint compilation of the Financial Times the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Tue	s Oct	22 19			Moq Oct 21	Fri Oct 18	Thur Oct 17	(abhanar) São Aesta
FI	gures in parentheses show number of stocks per section	ladex No.	Day's Change	Est. Earnings Vield% (Max.)	Gross Div. Yield% (ACTat 30%)	Est. P/E Ratio (Nes)	nd adj. 1985 to date	Index No.	Index No.	lødex No.	fadex No.
1 2	CAPITAL 600DS (206)	541.56	-0.4	10.67	4.19	11.75	13.61				515.11
	Building Materials (22)	592.A2	+0.2	11.08	4.53	11.24	15.29	590.99			471.99
3	Contracting, Construction (28)	914.91	+0.3	11.21	4.64	11.34	24.76			916.46	
5	Electricals (13)	1519.76 1280.60	-0.5 -0.9	10.62	4.96 3.53	11.12	30.35			1297.18	
6	Mechanical Engineering (61)	316.84	-0.7	10.70	4.54	11.33	8.08				
2	Metals and Metal Forming (7)	218.89	-0.3	11.95		10.38	5.98			216.36	
9	Motors (16)	167.79		12.34	4.53	9.63	4.93			167.95	
30	Other Industrial Materials (20)	990.96	-0.3	7.56	3.64	15.86	23.43		1011.60		692.29
21	CONSUMER GROUP (177)	712.71	-0.5	8.99	3.77	13,92	14.24			713.98	
22	Brewers and Distillers (23)	743.15	-0.7	9.27	3.89	13.70	13.92				509.68
25	Food Manufacturing (22)	528.35	-0.5	11.16	4.64	11.58	13.66		529.05		447.04
26 27 29 32 33		1676.48	-0.3	5.89	2.51 3.01	22.97	22.79		1679.68		1303.13
27	Health and Household Products (9)	707.78	-0.3	8.09	4.70	16.75 16.23	23.27	710.52	1093.61 706.90		927.66 589.77
23	Newspapers, Publishing (12)	7884 99	-0.7	8.15	4.76	15.62				1894.39	7207.77
33	Packaging and Paper (13)	363.82	-8.6	9.86	4.22	12.10	8.10				251.19
34	Stores (42)	731.33	-0.7	7.82	2.95	19.28	10.24				481.69
35	Textiles (16)	341.43	+0.3	12.72	4.90	2.94	8.35				
36	Tabaccos (3)	736.05	-0.6	18.31	6.20	5.22	30.77				
41	OTHER 622UPS (99)	689.96	_	9.25	4.14	14.61	15.31	689.73			479.45
42	Chemicals (19)	676.74	-0.3	14.55	5.62	9.65	26.19				645.23
44	Office Equipment (4)	212.50	-0.5	7.54	4.12	15.81	5.79				
45	Shipping and Transport (11)	858.01	-0.1	7.84 7.49	3.99	17.53 16.42	36.20 15.56	863.30		1344.72 857.54	670.85
46	Miscellaneous (63)	869.04	+0.5	8.55	3.73	15.57	14.38	86431			0.6
48_	INQUSTRIAL GROUP (482)	669.32	-0.4	9.47	3.97	13.34	14.60		673.05		532.84
49		1341.74	-0.7	16.48	7.67	7.44				1156.59	
52	Oils (18)	709.34		10.35	4.43	12.13				710.94	
59	500 SHARE (NDEX (508)	506.33	-0.4	10.33	4.78		14.65				
61	FINANCIAL GROUP (115)	509.00	-1.1	17.57	5.81	8.13	20.18				401.62
62	Banks (6)	776.56			4.38	=	21.80				
66	Insurance (Composite) (7)	378.95	-14	_	5.20	_	9.88	384.39			289.34
67	Insurance (Brokers) (7)	1155.34		7.29	3.74	18.33				1134.21	
68	Merchant Banks (11)	264.79	+0.8	i —	4.26	_	5.80	262.63			200.41
69	Property (51) Other Financial(24)	691.78	-0.7	5.42	3.49	24.70	12.03		696.73		610.92
70	Other Financial(24)	292,77	+8.7	10.41	5.64	11.86	10.97			292.49	247.11
71	Investment Trusts (107)	601.17 246.63	-0.2 -1.2	13.56	3.54 6.30	2.58	11.76 8.37	602.45 249.51			541.78 282.78
81	Mining Finance (3)	572.23	-1.2	13.18	6.99	8.99	24.01			569.74	
92			-0.5		4.49		16.99	652.13			532.25
99	ALL-SHARE (NDEX (739)	649.16									
		Index No.	Day's Change	Day's High	Day's	0et.	0ct 18	0ct 17	0ct	0ct 15	Year ago
_	FT-SE 100 SHARE INDEX				1328.7						
_	FIXED INTER						OSS YIELDS		Totals Oct 22	Mon Oct 21	Year ago (approx.)

FD	KED .	INTE	REST	•		PERFEMPTION VIFTOR Od Od a	etir go mu.j
PRICE INDICES	Tues Oct 22	Day's change	Mon Oct 21	ui adi. 10day	ad adj. 1985 to date	2 Compons 15 years	L09 3.58 3.21
1 5 years	119.46 133.76	-0.06 -0.17 -	140.02 256.01		9.61 11.87 11.30 8.90	4 Medium 5 years 10.61 10.60 11 5 Coupons 15 years 10.04 10.32 10 25 years 10.09 9.97 10 10.71 11 10.47 10.44 11 10.47 10.44 11 10.47 10.14 11 10 15 years 10.15 10.11 10	1.46 0.97 1.34 1.65 1.11 1.44
5 All stocks			131.55 114.83	=	13.07 8.84	12 Lanes 15 years 11.07 11.04 12	2.13 2.02 1.90
7 Preference	83.38	+0.34		H ÇOVEI	5.54 RNMENT		3.05
Q All stories	111.39	+0.19	111.18		2.69		<u>ज</u>

tFlat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituent changes are published in Saturday issues. A list of constituent changes are published in Saturday issues.

YESTERDAY'S **ACTIVE STOCKS ACTIVE STOCKS** Exchange Efficial ICI Allied-Lyons ... Euro, Ferries... Comm Union... De Geera Osid Exce Ind Jegust Glaxo Midland Bank NatWest ank RTZ Royal Ins Day's change -10 +15 - 4 - 5 + 2 - 15 - 15 +15

E	JROPE	AN	OP	LION	IS E	XCH	ANG	èΕ						
8	Series Vol. Last Vol. Last Stock													
GOLD C GOLD C GOLD P GOLD P	\$340 \$360 \$300 \$380	23 _ 25	1.90 _ 3.10	115 12 10 100	7.80		5.50	\$ 520.0						
		rch	Jun	19	44									
Sift C C C P P P Sift C Sift P P Sift P P Sift C Sift P P Sift P P Sift C Sift P P Sift P Sift P P Sift C Sift P P P Sift P P Sift P P Sift P P P Sift P P P Sift P P Si	£1931 F1.3001 F1.3005 F1.3105 F1.315 F1.3205 F1.3200 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005 F1.3005	910 137 110 5 910 120 42 51 6 20 10	2 5.90 3.30 1.70 0.10 4 9 11.70 23.50 0.10 0.10 36.50	3 7 91	3.60			\$143.44 FL296.						
			an.	A	DT.	40	Ay							
ABN C ABN P AEGN P AALGN P AALGN D AALGN G AKZN G A	F1.85 F1.230; F1.230; F1.120; F1.170; F1.170; F1.65; F1.60; F1.55	234 429 24 56 41 7 681 845 297 133 115 278	7.70 1,90 B 3,40 8,20 6,10 2,30 4,20 1,90 4,5 3 17,10 10,20 1,50 1,50 1,50 1,50 1,80 4,5 1,50 1,80 1,80 1,80 1,80 1,80 1,80 1,80 1,8	200	15 4,50 13 9,50 4,3 6,60 4,3 4,10 12,20 12,20 12,20 12,20 12,20 4,10 14,10	112 202 56	5.70 6.10 	FI. 43.99 FI. 94.69 FI. 265 FI. 181.1 FI. 66 FI. 176.8 FI. 61.8						
KLM C KLM P NEDL G NEDL P NATN G NATN P PETR G PHIL G PHIL G PHIL G	FL50 Fl.180 Fl.180 Fl.70 Fl.500 Fr.6500 Fl.60! Fl.45	49 118 64 46 600 975	1.20 2.90A 6.40 4 2 1.50 1.10 5.10	20 5 6 13 8 9 270 73	1.80 B 15.50 7.60 5,70A 9,808 390 9.90 1.70	40 9 31 192	6.50 6.10 2.20 4.70	FL179.7 FL 70.9 Fr.6530 FL 48.3						
RD C RD C RD G RD P ROSE G ROSE P UNIL G UNIL P	FI, 1907 FI, 2001 FI, 2101 FI, 1901 FI, 77, 301 FI, 781 FI, 3601	488 569 383 123 30 	2.50 1 4,50 2 9,80 5,70 8	55 150 217 4 —	2.60 5.20 2.80 5.70	20 10 10	5.60 8 5.40 9.80	FI. 188.9 FL 77.30						

Totals		363	780	,631	Hous	e Prop	Lord.	Sheraton Secs.				Péle	COCH (S:	23	
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Opt	lon	Oct	Jan.	Apr.	Oct	Jan	Dotlo	n	Nov.	Feb.	May	NOV.	Feb.	May	
B.P. (*551)	500 650 600	55 4 01 ₂	67	75 45 22	014 62	16 52	10 28 50	P. A.O. (*433)	360 390 420	76 48 92	87 57 55	65 47 23	11 ₂ 6 60	17	10 25
Cons. Go (*432)	1d 590 420 450 500 500	45 13 11 ₂	52 42 25 9	74 39 30 16	30 70	7 25 47 78	18 37 57 84	Racel (*144)	150 140 150 150 150	16 10 5	25 18 9	34 86 15	2 2 20 38	55 111 20 56	8 14 92 58
Courtauldi (*148)		26 19 10	32 25 16	25 12 10	014 014 014	1 2	114	R.T.Z. (*582)	500 550 600 650	37 7 2 11 ₂	52 27 11	37 16	50 80 130	12 44 62	58 62
Ccm. Unic (*249)		42 29 9	37 40 24 11	50 45 28 17	014 114 1	1 14		Vani Reels (*#56)	60 70 80 90 100	114 05a 05a	512 512 912 114 012	51a 514	15 241 ₂ 341 ₂	210 1514 2414 5414 4419	11 16 25
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Traf'gar Hr (*859)	358	33 4	31	41	79 1 9	5	8	(*619)	550 550 600 650	127 77 40 12	157 20 55	102 65 34	5 - 15 45	15 24 50	14. 30. 55.
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BAT Inds (*258)		122	32 15 7	33 93 15	25 43	13 30 48	12 53 48	TIKN (*252)	240 240 250	38 24 19	43 50 20	52 38 27	5 14	18	5 15 21
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Barclays (*417)	385 390 490 455	38 = 7	77 50 95	87 57 85	7 - 30	5 13 50	10 18 37	Hanson (*207)	180 195 200	56 20	86 96	110 42 50	55 /	6	70
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(*441) 	550 390 420 480	87 57 38 15	68 60 50	78 50 40	1 2 8 59	2 5 17 37	10 22 43	(=388) 198mar	260 260 280 300	63 43 28 17	71 68 37 25	58 45 51	134	2 5 15 25	8 16 26
BritTeleco (*184)	150 170 190 300 220	27 17 2 2 2 012	61 14 61 8	90 10 4	1 4 16 38	21 ₂ 6 19 58	9 90 36	Teacc (*280)	360 240 256 250 280	50 15	53 38 25	67 	34 - - - - - - - - - - - - - - - - - - -	5	16 26 7 12
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WORLD STOCK MARKETS

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Boardroom figures provide lead

PROFIT RESULTS from major companies replaced speculative situations as the centre of attention on Wall Street yesterday, writes Terry Byland in New

Technology issues strengthened fol-lowing the latest results from Digital Equipment, and motor issues edged higher after General Motors disclosed higher earnings for the third quarter.

Beneath these special features, the stock market remained unsettled by the uncertainties over the federal debt ceiling and the pace of the U.S. economy. Bond prices moved higher, as traders hunted for stock in a market now very

short of federal paper.
At 3pm the Dow Jones industrial average was up 3.24 at 1,367.38.

The market was unimpressed by General Motors' profit figures which fell short of some analysts' predictions. After moving erratically, GM dipped \$\% to \$68%. However, the other Detroit car makers, also due to report progress shortly, remained firm. Ford, at \$47% added \$14, and Chrysler, still plagued by a strike, added \$\% to \$38\%.

Digital Equipment bounded ahead by \$3% to \$109% after announcing third-

1981

STOCK MARKET INDICES

Oct 22

663.16*

156.29*

188.14*

709.34

10.15

253.8

529.4

99.09

128.391

2,715.60 2,698.25

1,041,0 1,048,0

649.16 652.13

1982

1,367.38* 1,364.14 1,217.20

658.94

154,95

186,96

1,331.5 1,340.3 1,115.4

712.17

272.7

13,001,70 13,020,39 11,077,8

1,040,8

526.9

97.77

128.31

234.05

211.4

118.7

1.674.4 1.675.9 1.101.2

closed 1,666.06 1,053.05

397.75 397.73 212.70

192.2

373.93 372.03 263.19

770.86 777.65 875.25

977.4

1,404.19 1,400.68 1,459.08

492.5

228 4

Oct 22

427.550

£980.00

\$27,75

Oct 22 \$327.75

\$325,65

\$326,72

\$326.00

£1.646.00

102.60

Yearaco

184.0

429.80p

9971.50

S27.75

Prev \$325.75

\$325.60

\$326.95

\$326.75

£1.656.00

125.25 124.61

Oct 21

228.5

COMMODITIES

GOLD (per ounce)

1,827.8 2,007.0

1,030.60 1,032.20 856.49

10.11

1983

541.67

143.47

167.36

532.25

577.53

10.53

542.4

435.2

56.72

117.94

10%

1-30

15-30

AT& T

1984

Lira

fered rate)

End Month Figures

600

500

NEW YORK

LONDON

TOKYO

FT-SE 100

FT-A 500

FT-A All-share

FT Gold mines

FT-A Long gift

Nikkei-Dow

Tokyo SE

AUSTRALIA

Metals & Mins.

Credit Aktie

Belgian SE

Toronto Metals & Minis

All Ord.

AUSTRIA

BELGIUM

CANADA

Compos

Montre Portfello

DENMARK

FRANCE

WEST GERMANY

FAZ-Aktion

HONG KONG

ITALY

NORWAY

· Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE industrials

Madrid SE

SWITZERLAND

Capital Int'I

Silver (spot fixing)

Oil (spot Arabian Light)

Copper (cash)

Coffee (Nov)

Swiss Bank Ind

SPAIN

SWEDEN

WORLD

(London)

London

Paris (fixing)

Luxembourg

New York (Dec)

Zürich

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen ANP-CBS (nd

DJ industrials

DJ Transport

S&P Composite

quarter results, which had been well forecast by the company. Digital's reference to good overseas markets helped the rest of the computer sector.

IBM gained \$1% to \$129. Burroughs \$11/4 to \$56. NCR \$1/4 to \$341/4 and Honeywell \$\% to \$60\%.

Minnesota Mining & Manufacturing shaded by \$% to \$78% after the results. Others responding to trading statements included ingersoll-Rand, down \$\mathcal{4}\$ at \$49%. Consolidated Edison, up \$% at \$34%, and Fieldcrest Mills, \$1% higher at \$29 on sharply higher earnings.

In the banking sector, the reporting season was rounded off by Mellon, up \$4 at \$47% after announcing a profits gain below its rivals.

Southland Royalty, the Texas energy company, added \$1/4 to \$17% after Burlington Northern announced an unsolicited tender offer at \$17. Burlington's move came shortly after Southland announced a restructuring plan, and Wall Street expects the Texas concern to resist Burlington's offer. Burlington fell \$1% to \$82%

Standard Oil of Ohio (Sohio) jumped \$1% to \$51% in heavy turnover, with the arbitrageurs still convinced that British Petroleum will use a \$6.5bn credit line to huy out the 45 per cent of the equity in Sohio not already owned by the British

Also inspired by hopes of a move from across the Atlantic, Chesebrough-Pond's added \$2% to \$42, with more than 1m shares traded as hopes resurfaced of a bid from Unilever, the Anglo-Dutch detergents and animal foods group.

But bid speculation in the retail sector died away as the arhitrageurs concen-trated on the planned leveraged buyout

Sep 1985 Oct

215.7 309.25 8.04 11.5325 2.165 3.105

STERLING

1.434

309.25

11.53

3.105

4.2675

8%e 8%e 8% 7.8 7.21

8.81

-0.05

-0.04

-0.03

-0.05

3.78

Oct 22 Previous

1.433

3.785

4.27

1,779.0 2,551.0 2,539.0

U.S. DOLLAR

Oct 22

215.8

8.0475

2.166

2,9795

1,780.0

3-month U.S.\$ 6-month U.S.\$

U.S BONDS

1001% 8,76

10213/ 10.083

Dey's change

+0.09

+0.23

+0.89

Yleid

10.10

130.10 +0.36

Price

101

102%

FINANCIAL FUTURES

92.95 92.97 92.90 92.92

92.17 92.18 92.10 92.11

91.81 91.82 91.77 91.78

113-27 114-00 113-23 113-31

125,54

130.09

135.31

Source: Merrill Lynch

10% June 1990

3% July 1990 8% May 2000

Diamond Shamrock

Federated Dept Stores

U.S. Treasury Bonds (CBT)

10% May 1993

10% May 2013

11.80 Feb 2013

12% Dec 2012

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

LONDON

Dec

Yield

1021/st 10.366 1017/st 10.44

1001%

9.57

9.27

8.73

9.54

10.63

100%

10.90 84.00 10.97

1013% 10.18

Previous

2.6365

2.165 2.976

KEY MARKET MONITORS

FT-Actuaries All-Share Index

of R. H. Macy. At \$63%, Macy stock edged up by \$% but stayed well short of the \$70 a share offer proposed by the management, which Wall Street expects

ITT, which has been favoured as a possible leveraged buyout candidate, edged up by \$% to \$35% in busy trading. Among consumer stocks, Beatrice Foods, at \$44%, eased by \$% still heavily traded as Wall Street waited for either an increased offer from Kohlberg Kravis, or a rival bid.

However, Singer Manufacturing, after denying bid rumours which boosted the stock earlier this week, shaded by \$1/4 to

After announcing a \$700m sale of its merchandising operations, Household International gained \$1% to \$39%.

The domestic air carriers continued to edge higher while awaiting results. American, which issued its trading statement last week, added \$1/4 to \$401/4, while Delta added \$1/2 to \$40% and Eastern \$% to \$8%. Pan American eased by \$% to \$8% in subdued turnover.

Credit markets appeared unimpressed when Mr James Baker, Treasury Secretary, warned of what could bappen when the horrowing authority of the Federal Financing Bank expired early next month. Bond prices retained early gains of half a point or so.

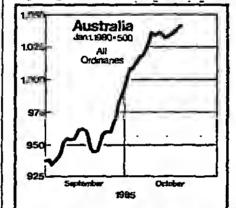
Short-term rates shaded lower despite federal funds at 81/1 per cent - and \$1bn in customer repurchases by the Federal

AUSTRALIA

Selective course to new peak

THE CLIMB to new peaks continued for the second consecutive trading session in Sydney yesterday. The All Ordinaries index closed 1.5 up an all-time high of

As on Monday, dealers said gains among selected issues - and a shortgage of scrip - were largely responsible for higher prices. Industrials were in de-



mand but in general trading was flat and volume low. BHP, which eased 4 cents to A\$8.82

was the most active share after a series of late special sales boosted its turnover. Other actives included CSR, down 3 cents to A\$3.73, Bell Group, 10 cents up at A\$11.50, CRA, which shed 6 cents to A\$5.82, and Western Mining, down 5 cents at A\$3.68.

Elders IXL slipped 10 cents to A\$4.00 after unveiling its takeover bid for Britain's Allied-Lyons on Monday.

Elsewhere, banks were generally lower. ANZ Group slipped 8 cents to A\$5.12, and Westpac was down 4 cents to A\$5.16 while National Australian held steady at A\$5.04_

Among property stocks Lend Lease added 30 cents to A\$7.00. Howard Smith was also 30 cents firmer at A\$8.20. Mines closed with small gains as did

companies with an interest in the Papua New Guinea ore deposit following a report of higher gradings.

SINGAPORE

PROFIT-TAKING trimmed most of Monday's gains over a broad front in

The Straits Times industrial index closed 6.79 down at 770.86, compared with the previous session's 9.31 gain. Among actives Bedford shed 3 cents to S\$1.67, Raleigh lost 8 cents to S\$3.64 and City Development added 1 cent to

Banks and financial stocks generally followed the declining trend, DBS was 5 cents down at S\$5.75, Malay Banking also slipped 5 cents to S\$5.85 and OUB was 3 cents lower at S\$2.76. However,

Industrials were mixed to lower. Keppel Shipyard lost 6 cents to S\$1.23, Singapore Press closed 1 cent down at S\$1.85 and Cold Storage was 6 cents down at S\$3.14.

SOUTH AFRICA

OCBC was steady at S\$8.45.

DIAMONDS provided some sparkle to an otherwise weaker Johannesburg although trading in golds picked up later as the bullion price began to rise.

Diamond share De Beers closed 60 cents higher at R14.50, but gold mines finished generally mixed to lower. Driefontein was R1.25 down at R51, Gold Fields SA was steady at R35 and Buffelsfontein added R1 to R77. Mining financial Anglo American Corp was 50 cents down at R34.50.

Elsewhere, AE & CI was 10 cents down at R8.10, and Barlow Rand shed 30 cents to R17 while Tongaat Huletts, at R8.20, and SA Breweries, at R7.45, were

Banks traded lower, with Barclays 30 cents down at R17 and Nedbank, ahead of results today, losing 45 cents to

Rate cuts boost **Brussels**

A FURTHER softening in domestic interest rates yesterday gave investors in Brussels the incentive to chase a broad range of leading issues, pushing many to record levels.

The Belgian SE index staged its third major advance this month to reach a new peak with a 17.35 rise to 2,715.60.

The return to power of the centreright coalition Government earlier this month gave the market renewed confidence, and yesterday's small cut in the rate for two and three-month Treasury bills provided another spur to activity.

Among hanking issues, Générale de Banque added a further BFr 110 to BFr 4,600, and Kredietbank advanced BFr 190 to BFr 9,890.

Trading was heavy among bolding companies, which the market believes will benefit strongly from a general move to lower interest rates.

Frankfurt dealers took the view that the market needs time to settle after the recent hectic activity and allowed leading issues to edge lower in thin business.

Deutsche led banks lower to close off. DM 9.50 at DM 669.50 while Dresdner shed DM 3.50 to DM 337 and Commerz-

bank DM 2 to DM 257.50. In the automotive sector, VW lost DM 3.40 to DM 344.50, BMW DM 5 to DM 497 and Porsche DM 25 to DM 1,343.
AEG rose a further DM 5.30 above the

DM 170 takeover offer from Daimler to close at DM 205.30.

The move followed the announcement that exchange authorities may launch an investigation into trading of AEG shares prior to the Dairnler hid last

Falls in the bond market were recorded during active business. The Bundesbank bought DM 89.3m worth of domestic paper compared with sales of DM 17.6m on Monday.

The expectation of favourable profit statements from Swiss banks stirred confidence in Zurich and gave rise to improvements among several key

Bank Leu, which has been on a steady upward path in recent weeks, moved against the trend and eased SwFr 25 to SwFr 3,725 while among the improvers Union Bank added SwFr 50 to SwFr 4,580 and Crédit Suisse SwFr 35 to SwFr

rinancial Times Saures October 19 1900

Paris recouped some early losses but closed easier in thin trading. Traders attributed the duli tone to capital increases, listings on the second market and bond issues which are draining the

market of funds. Trading in Amsterdam was highly selective. Investors lent support to certain insurance, international and industrial issues, but the broad range of stocks

was thinly traded. The tempo eased in Milan, and most leading issues closed little changed as investors awaited further indications on the outcome of Italy's political crisis.

Interest-rate hopes inspired Stockholm investors to return with international traders also present for most of the session.

TOKYO

Worry over yen halts advance

CONCERN about the yen's future course against the U.S. dollar and the level of domestic interest rates weakened trading in Tokyo yesterday, writes Shigeo

Nishtmaki of Jiji Press.

Large steel, shipbuilding and constructions stocks fell on a wide front. But biotechnology-related issues such as

gained ground.

The Nikkei-Dow market average lost 21.52 to 13,001.69 on a light volume of 282.9m shares, up slightly from Mon-

Shionogi, NEC and some hlue chips

Hong Kong stock market was closed for a public heliday.

day's 202.3m. Losses outnumbered gains by 438 to 343, with 149 issues unchanged.
Many investors also chose to sit on the sidelines until the market steadies after its recent sharp advance. There was also worry about the possible outcome of the forthcoming emergency summit meeting of major Western pow-ers and Japan-U.S. summit talks.

Among biotechnology issues, Shionogi gained popularity on reports that the company had been authorised to import human insulin. It soared Y41 at one point and closed Y14 up at Y802.

Ajinomoto, which obtained official approval to manufacture a new treatment drug, climbed Y20 to Y1,230. Yamanouchi Pharmaceutical also gained Y50 to

Among blue chips, NEC attracted buyers on news that it would post a recurring profit gain of nearly 10 per cent for the fiscal year ending next March, despite the slump in the semiconductor industry. The stock jumped 180 at one

stage and finished Y40 higher at Y1,130. Other blue chips firmed in sympathy, with Ricoh adding Y40 to Y1,030, Ronish

with Ricon adding 140 to 11,030, Konishiroku Photo Y13 to Y713, Canon Y10 in Y1,210 and Sansui Electric Y60 to Y835. A Heavy foreign buying pushed Sumitomo Metal Mining up Y30 to Y1,980 with 7.1m shares traded – the fifth highest figure. The rise was helped by speculation that the company would raise the gold reserve estimate for its Hishikari mine in Kagoshima Prefecture when it published its mid-term results on

November 1. Biotechnology issues and blue chips lost ground in the afternoon, and large-capital and domestic stocks fell on small-lot selling. Mitsubishi Heavy Industries, topping the active list with 11m shares traded, eased Y12 to Y432. Nippon Steel shed Y4 to Y179 and Tokyo Gas Y9 to Y306.

The yield on the benchmark 6.8 per cent government bond due in December 1994 rose sharply to 5.510 per cent from Monday's 5.435 per cent.

LONDON

A LACK of new incentives and profittaking left London lower in dull trading. The FT Ordinary index ended the day 7 down at 1,041.0, with banks badly hit on rumours, later denied, that Lloyds. was having difficulty over Far Eastern

Lloyds closed 12p lower at 440p, and NatWest was also 12p down at 490p. Elsewhere, evaporating interest in bid speculation, following the Elders IXL of-

fer for Allied-Lyons, and the threat of defence spending cuts unsettled the market Allied-Lyons was up 4p to 274p. Short and longer-dated gilt-edged securities were lower by up to % while

medium-life issues were largely Chief price changes, Page 37; Details, Page 36: Share information service, Pages 34-35

CANADA

GOLDS were one of the few bright spots in a fairly active Toronto which generally traded mixed.

The higher bullion price helped golds to firmer prices. Lac Minerals traded. CS% higher at CS32%, and Echo Bay was C\$¼ up at C\$1%.

Elsewhere, TransCanada Pipelines was down CS% to CS22%.

In Montreal, stocks followed a similar trend with prices trading generally

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